



**ADVENTUS MINING CORPORATION**

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018**

## TABLE OF CONTENTS

Condensed Consolidated Statements of Financial Position .....	1
Condensed Consolidated Statements of Loss.....	2
Condensed Consolidated Statements of Comprehensive Loss.....	3
Condensed Consolidated Statements of Cash Flows .....	4
Condensed Consolidated Statements of Changes in Equity.....	5
Notes to the Condensed Consolidated Financial Statements .....	6-15

**ADVENTUS MINING CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(UNAUDITED) AS AT**



(expressed in Canadian dollars)	Notes	June 30, 2019	December 31, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 9,718,213	\$ 6,769,641
Advances made on options to acquire mineral interests	8	145,783	55,001
Other receivables and prepaid expenses	8	237,733	225,047
		10,101,729	7,049,689
Assets held for sale	6	223,189	-
<b>Total current assets</b>		<b>\$ 10,324,918</b>	<b>\$ 7,049,689</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	7	\$ 2,075,317	\$ 2,798,123
Options to acquire mineral interests	7	25,364,450	19,095,404
Furniture, leasehold improvements and equipment		29,718	36,487
Investment in associate	5	1,172,481	1,386,907
<b>Total non-current assets</b>		<b>\$ 28,641,966</b>	<b>\$ 23,316,921</b>
<b>TOTAL ASSETS</b>		<b>\$ 38,966,884</b>	<b>\$ 30,366,610</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 956,729	\$ 1,665,108
<b>Total current liabilities</b>		<b>\$ 956,729</b>	<b>\$ 1,665,108</b>
<b>Equity</b>			
Shareholders' equity		\$ 38,038,229	\$ 28,724,245
Non-controlling interest		(28,074)	(22,743)
<b>Total equity</b>		<b>\$ 38,010,155</b>	<b>\$ 28,701,502</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 38,966,884</b>	<b>\$ 30,366,610</b>

Commitments (Note 14)

Subsequent events (Note 15)

On behalf of the Board (Approved on August 21, 2019)

/s/ "Christian Kargl-Simard"

Christian Kargl-Simard, Director

/s/ "Paul Sweeney"

Paul Sweeney, Director

**ADVENTUS MINING CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF LOSS**  
**(UNAUDITED)**



(expressed in Canadian dollars, except per share amounts)	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2019	2018	2019	2018
<b>Expenses and other income</b>					
General and administrative	9	\$ 691,499	\$ 541,173	\$ 1,418,107	\$ 1,106,224
Share-based compensation	10(b)	52,860	156,824	167,851	346,463
Generative exploration		34,917	13,009	52,761	125,798
Exploration and evaluation assets abandoned or impaired	7	373,103	-	373,103	161,072
Depreciation		5,520	8,304	12,267	13,494
Foreign exchange loss (gain)		681,878	(113,517)	1,090,453	(467,005)
Interest income		(17,356)	(19,690)	(32,091)	(44,580)
Share of loss in associate	5	169,372	-	214,426	-
		\$ 1,991,793	\$ 586,103	\$ 3,296,877	\$ 1,241,466
Loss before income taxes		(1,991,793)	(586,103)	(3,296,877)	(1,241,466)
Income tax expense		-	-	-	-
<b>Net loss</b>		\$ (1,991,793)	\$ (586,103)	\$ (3,296,877)	\$ (1,241,466)
<b>Net loss attributable to:</b>					
Common shareholders		(1,988,496)	(579,833)	(3,290,502)	(1,235,028)
Non-controlling interest		(3,297)	(6,270)	(6,375)	(6,438)
		\$ (1,991,793)	\$ (586,103)	\$ (3,296,877)	\$ (1,241,466)
<b>Net loss per share</b>					
Basic and diluted		\$ (0.03)	\$ (0.01)	\$ (0.04)	\$ (0.02)
<b>Weighted average number of shares</b>					
Basic and diluted		78,279,756	56,933,652	74,747,796	56,933,652

**ADVENTUS MINING CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(UNAUDITED)**



(expressed in Canadian dollars)	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
<b>Net loss</b>	\$ (1,991,793)	\$ (586,103)	\$ (3,296,877)	\$ (1,241,466)
<b>Other comprehensive gain To be reclassified subsequently to profit or loss:</b>				
Foreign currency translation adjustment on foreign operations	8,746	2,194	16,717	4,375
<b>Total comprehensive loss</b>	\$ (1,983,047)	\$ (583,909)	\$ (3,280,160)	\$ (1,237,091)
<b>Net loss attributable to:</b>				
Common shareholders	(1,980,346)	(577,641)	(3,274,829)	(1,230,623)
Non-controlling interest	(2,701)	(6,268)	(5,331)	(6,468)
	\$ (1,983,047)	\$ (583,909)	\$ (3,280,160)	\$ (1,237,091)

**ADVENTUS MINING CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**



For the six months ended  
June 30,

(expressed in Canadian dollars)	Notes	2019	2018
<b>Operating activities</b>			
Net loss		\$ (3,296,877)	\$ (1,241,466)
Adjustments for non-cash and non-operating activities:			
Depreciation		12,267	13,494
Share-based compensation	10 (b)	167,851	346,463
Generative exploration		52,761	125,798
Exploration and evaluation assets abandoned or impaired	7	373,103	161,072
Share of loss in associate		214,426	-
Unrealized exchange loss (gain)		1,090,176	(467,444)
		\$ (1,386,293)	\$ (1,062,083)
Changes in non-cash operating working capital:			
Other receivables and prepaid expenses		(12,686)	59,006
Accounts payable and accrued liabilities		(211,365)	(742,888)
		\$ (224,051)	\$ (683,882)
<b>Cash used in operating activities</b>		<b>\$ (1,610,344)</b>	<b>\$ (1,745,965)</b>
<b>Investing activities</b>			
Generative exploration		(52,761)	(125,798)
Exploration and evaluation assets, net of recoveries		-	(311,152)
Acquisition of furniture, leasehold improvements and equipment		(5,498)	(46,636)
Options to acquire mineral interests		(7,604,339)	(4,384,251)
Investment in subsidiary		-	1,032
<b>Cash used in investing activities – continuing operations</b>		<b>\$ (7,662,598)</b>	<b>\$ (4,866,805)</b>
<b>Cash provided by investing activities – discontinued operations</b>		<b>-</b>	<b>62,218</b>
<b>Financing activities</b>			
Net proceeds from issuance of shares		12,009,444	-
Issuance of common shares on exercise of options and warrants		411,519	-
<b>Cash provided by financing activities</b>		<b>\$ 12,420,963</b>	<b>\$ -</b>
Net increase (decrease) in cash		3,148,021	(6,550,552)
Effect of foreign exchange on cash and cash equivalents		(199,449)	106,203
Cash, beginning of period		6,769,641	10,784,319
<b>Cash and cash equivalents, end of period</b>		<b>\$ 9,718,213</b>	<b>\$ 4,339,970</b>
Cash and cash equivalents consist of:			
Deposits with banks		9,615,096	4,238,919
Short term deposits		103,117	101,051
<b>Cash and cash equivalents, end of period</b>		<b>\$ 9,718,213</b>	<b>\$ 4,339,970</b>

**ADVENTUS MINING CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(UNAUDITED)**



(expressed in Canadian dollars, except share amounts)	Notes	Common Shares Number	Common Shares Amount	Contributed Surplus	Warrants	Accumulated Other Comprehensive Loss	Retained Deficit	Total Shareholders' Equity	Non- controlling Interest	Total Equity
<b>Balance, January 1, 2018</b>		56,933,652	\$ 20,643,007	\$ 613,846	\$ 83,665	\$ 11,917	\$ (4,129,089)	\$ 17,223,346	\$ -	\$ 17,223,346
Acquisition of Dos Gemas	4	-	-	-	-	-	-	-	(1,875)	(1,875)
Share-based compensation	10(b)	-	-	346,463	-	-	-	346,463	-	346,463
Net loss		-	-	-	-	-	(1,235,028)	(1,235,028)	(6,438)	(1,241,466)
Other comprehensive gain		-	-	-	-	4,405	-	4,405	(30)	4,375
<b>Balance, June 30, 2018</b>		56,933,652	\$ 20,643,007	\$ 960,309	\$ 83,665	\$ 16,322	\$ (5,364,117)	\$ 16,339,186	\$ (8,343)	\$ 16,330,843
Shares issued under private placement		10,266,925	9,240,233	-	-	-	-	9,240,233	-	9,240,233
Share issued to acquire options in mineral rights		3,804,348	3,423,913	-	-	-	-	3,423,913	-	3,423,913
Share issuance costs		-	(78,715)	-	-	-	-	(78,715)	-	(78,715)
Share-based compensation		-	-	279,896	-	-	-	279,896	-	279,896
Net loss		-	-	-	-	-	(473,909)	(473,909)	(13,598)	(487,507)
Other comprehensive loss		-	-	-	-	(6,359)	-	(6,359)	(802)	(7,161)
<b>Balance, December 31, 2018</b>		71,004,925	\$ 33,228,438	\$ 1,240,205	\$ 83,665	\$ 9,963	\$ (5,838,026)	\$ 28,724,245	\$ (22,743)	\$ 28,701,502
Shares issued under private placement		13,794,616	12,084,084	-	-	-	-	12,084,084	-	12,084,084
Share issuance costs		-	(74,641)	-	-	-	-	(74,641)	-	(74,641)
Exercise of brokers' warrants	10(c)	213,090	157,745	-	(46,226)	-	-	111,519	-	111,519
Exercise of options	10(b)	1,200,000	489,488	(189,488)	-	-	-	300,000	-	300,000
Share-based compensation	10(b)	-	-	167,851	-	-	-	167,851	-	167,851
Net loss		-	-	-	-	-	(3,290,502)	(3,290,502)	(6,375)	(3,296,877)
Other comprehensive gain		-	-	-	-	15,673	-	15,673	1,044	16,717
<b>Balance, June 30, 2019</b>		86,212,631	\$ 45,885,114	\$ 1,218,568	\$ 37,439	\$ 25,636	\$ (9,128,528)	\$ 38,038,229	\$ (28,074)	\$ 38,010,155

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

## **1. NATURE OF OPERATIONS AND CORPORATE INFORMATION**

Adventus Mining Corporation (“Adventus” or “the Corporation”), formerly Adventus Zinc Corporation, is a mineral exploration and development company that is focused on the identification and acquisition of mineral properties and the exploration and development of its mineral properties. It is presently funding exploration and development expenditures in the Curipamba property (“Curipamba”) in Ecuador under an option agreement (“Option Agreement”) to earn an interest in Curipamba as well as in other exploration properties in Ecuador under an exploration alliance agreement (“Alliance Agreement”) with Salazar Resources Ltd (“Salazar”).

The Corporation was incorporated on October 24, 2016 pursuant to the Canada Business Corporations Act. Its registered office is at 550-220 Bay Street, Toronto, ON, M5J 2W4. It is listed on the TSX Venture Exchange under the symbol ADZN and trades on the OTCQX under the symbol ADVZF. On June 12, 2019, following approval by the shareholders, the Corporation changed its name to Adventus Mining Corporation, to better reflect its focus on growth in Ecuador.

The Corporation’s condensed financial statements were authorized for issue by the Board on August 21, 2019.

## **2. BASIS OF PRESENTATION**

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* using the same accounting policies and methods of computation as the Corporation’s most recent annual consolidated financial statements, except as described in Note 3. These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated financial statements have been prepared on a historical cost basis. Additionally, these condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts are expressed in Canadian dollars, unless otherwise stated.

### *Going concern*

These condensed consolidated financial statements have been prepared on a going concern basis. The Corporation reported net loss attributable to common shareholders of \$3,290,502 for the six months ended June 30, 2019. (June 30, 2018: \$1,235,028). The ability to continue operations in the normal course of business is dependent on several factors, including the Corporation’s ability to secure funding.

The recoverability of the amount capitalized to exploration and evaluation assets and to the options to acquire shares in mineral interests is dependent upon the existence of economically recoverable reserves, the ability of the Corporation to obtain financing on favourable terms to continue to perform exploration activities or complete the development of the properties where necessary, or alternatively, upon the Corporation’s ability to recover its incurred costs through a disposition of its interests, all of which are uncertain. These uncertainties may affect the ability of the Corporation to continue operations and meet its obligations and discharge its liabilities into the foreseeable future as a going concern and, accordingly, the ultimate appropriateness of the use of the accounting principles applicable to going concern.

The Corporation has been able to raise adequate funding for its operations since its incorporation in 2016. On August 7 and August 9, 2019, the Corporation closed a brokered private placement (the “2019 Brokered Placement”) for gross proceeds of \$14,261,300. Note 15(a). On May 22, 2019, the Corporation closed a non-brokered private placement (the “Nobis Placement”) for gross proceeds of \$12,084,084 with Consorcio Nobis (“Nobis”), a private business group in Ecuador, as lead investor. Note 10(a). On July 17, 2018, the Corporation closed a non-brokered private placement for gross proceeds of \$9,240,233 with Wheaton Precious Metals Corp. as lead investor. However, there is no assurance that these can be replicated in a timely manner. As such, management believes that there are material uncertainties that exist that may cast significant doubt upon the Corporation’s ability to operate as a going concern. Management continues to explore all available options to secure funding, including equity financing and strategic partnerships. Should the Corporation not be able to secure financing in a timely manner, the Corporation will curtail exploration spending and defer discretionary expenditures to conserve cash.

These condensed consolidated financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to statement of loss and comprehensive loss that might be necessary if the Corporation was unable to continue as a going concern.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies, judgments and estimates applied in the Corporation's condensed consolidated financial statements are consistent with those of the annual consolidated financial statements as at and for the year ended December 31, 2018, except as noted below.

These condensed consolidated financial statements include all subsidiaries in the accounts of the Corporation as follows:

Subsidiary	Ownership	Incorporated	Nature
Adventus Zinc Ireland Limited	100%	Ireland	Mineral exploration
Dos Gemas Company M2G S.A.	80%	Ecuador	Mineral exploration

#### (a) *Non-current assets held for sale*

Non-current assets are classified as assets held for sale if it is highly probable that their carrying value will be recovered principally through a sale transaction rather than through continuing use.

The assets and liabilities are presented as held for sale in the consolidated statement of financial position when the sale is highly probable, the assets are available for immediate sale in their present condition and management is committed to the sale, and it is expected that the sale will be completed within one year from the date of classification.

Assets held for sale are measured at the lower of the carrying value and fair value less cost of disposal. Impairment losses recognized on initial classification as held for sale and any subsequent gains or losses on re-measurement are recognized in the statement of income or loss. Results of operations and any gain or loss from disposal are excluded from income or loss and are reported separately.

#### (b) *New accounting standards*

*IFRS 16 – Leases:* This standard was issued by the IASB on January 13, 2016 and replaced IAS 17 "Leases". The new standard was effective for annual periods beginning on or after January 1, 2019 and brings most leases on-balance sheet for lessees under a single accounting model, eliminating the distinction between operating and financing leases. Lessor accounting remains largely unchanged. For any lease, under IFRS 16, the Corporation would have recognized

- (a) right-of-use assets and lease liabilities, except for short-term leases and leases of low value assets, initially measured at the present value of future lease payments;
- (b) depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of earnings and losses; and
- (c) separate the total amount of cash paid into a principal portion (presented within the financing activities) and interest (presented with operating activities) in the consolidated statement of cash flows.

For short-term leases with lease term of 12 months or less, and for leases of low-value assets, the Corporation has opted to recognize a lease expense on a straight-line basis.

The Corporation has adopted IFRS 16 effective January 1, 2019 with no material effect on these condensed consolidated financial statements.

### 4. ACQUISITION AND OPTIONS TO EARN-IN

#### *Investment in Dos Gemas Company M2G S.A. and the Pijilí and Santiago projects*

On February 19, 2018, the Corporation signed the Alliance Agreement with Salazar, with Dos Gemas M2G S.A. ("Dos Gemas") being the vehicle for any exploration projects that Adventus and Salazar agree to bring into the Alliance. Dos Gemas is owned 80% by Adventus and 20% by Salazar.

In 2018, Adventus and Salazar signed agreements (the "Pijilí Agreement", the "Santiago Agreement" and collectively, the "Pijilí and Santiago Agreements") to add the Pijilí and Santiago projects into Dos Gemas. Pijilí and Santiago projects are exploration projects owned by Salazar, and pursuant to these agreements, Salazar granted the Corporation options for Dos Gemas to acquire the full interest in Pijilí and Santiago through entities that hold the projects, subject to certain conditions, which include issuance of common shares, cash payments and exploration expenditure commitments.

As of June 30, 2019, the common shares had been issued and all the required exploration expenditures had been fulfilled. On July 29, 2019 and August 19, 2019, the Santiago Agreement and the Pijilí Agreement were completed respectively with the final closing payments of US\$25,000 and US\$50,000 made to Salazar, whereby the obligations of Adventus under these agreements are complete and earned the right for Salazar to transfer the two projects and the entities that hold them to its 80% owned Dos Gemas. Note 15(c).

**For the three and six months ended June 30, 2019 and 2018**

(Tabular amounts in Canadian dollars, except per share amounts)

**5. INVESTMENT IN ASSOCIATE**

The Corporation owns approximately 38.96% of common shares in Canstar Resources Inc. (“Canstar”) and accounts for its investment in Canstar using the equity method.

	<b>Canstar</b>
<b>Balance, January 1, 2018</b>	\$ -
Additions	4,334,085
Share of loss in associate	(51,184)
Impairment loss on investment	(2,895,994)
<b>Balance, December 31, 2018</b>	\$ 1,386,907
Share of loss in associate	(214,426)
<b>Balance, June 30, 2019</b>	\$ 1,172,481

Ownership percentage (December 31, 2018)	38.96%
Ownership percentage (June 30, 2019)	38.96%

**6. ASSETS HELD FOR SALE**

Adventus Zinc Ireland Limited (“Adventus Ireland”), a wholly-owned subsidiary of the Corporation, holds various properties in Ireland. In January 2018, the Board approved the plan to sell Lismore Waterford, Fermoy, Charleville and Millstreet (the “SW Irish Properties”).

On February 7, 2019, the Corporation announced that it has entered into a non-binding heads of agreement with BMEx Limited (“BMEx”), a private exploration company in Australia, to divest the SW Irish Properties in exchange for common shares in BMEx (the “BMEx Transaction”). In March 2019, the Corporation and BMEx agreed to exclude Fermoy from the Transaction with no change in other terms.

The BMEx Transaction closed on July 26, 2019 and the Corporation received shares in BMEx in exchange for the SW Irish Properties, excluding Fermoy.

As the SW Irish Properties are available for immediate sale in their present condition, management is committed to the sale, and it is expected that the Transaction will close within twelve months, the assets and liabilities of the SW Irish Properties, excluding those of Fermoy, are presented as held for sale, and the assets are to be measured at the lower of carrying value and fair value less cost of disposal. The fair value of the BMEx shares to be issued on closing, which is the underlying fair value for the SW Irish Properties, has been measured at A\$0.10 per share. As the carrying costs exceeds the fair value less selling costs, an impairment expense of C\$373,103 was charged against the profit or loss of the Corporation in the quarter ended June 30, 2019. The amount classified as assets held for sale represents assets less insignificant liabilities.

	<b>As at June 30, 2019</b>
Exploration and evaluation assets	223,189
<b>Total assets held for sale</b>	\$ 223,189

**7. EXPLORATION AND EVALUATION ASSETS AND OPTIONS TO ACQUIRE MINERAL INTERESTS**

The Corporation has the following exploration and evaluation assets and options to acquire mineral interests:

Project	As at Dec 31, 2018	Additions, net of recoveries	Abandoned or impaired	Effect of foreign currency exchange movements	Reclassified to held for sale (Note 6)	As at June 30, 2019
Ireland						
Rathkeale Limerick	\$ 2,002,721	\$ -	\$ -	\$ (93,128)	\$ -	\$ 1,909,593
Kingscourt	143,322	-	-	(6,663)	-	136,659
Lismore Waterford	572,804	-	(343,815)	(23,319)	(205,670)	-
Fermoy	30,483	-	-	(1,418)	-	29,065
Charleville	21,182	-	(12,714)	(864)	(7,604)	-
Millstreet	27,611	-	(16,574)	(1,122)	(9,915)	-
<b>Total mineral properties</b>	<b>\$ 2,798,123</b>	<b>\$ -</b>	<b>\$ (373,103)</b>	<b>\$ (126,514)</b>	<b>\$ (223,189)</b>	<b>\$ 2,075,317</b>
Curipamba	\$ 13,742,967	\$ 5,030,833	\$ -	\$ (644,442)	\$ -	\$ 18,129,358
Pijilí	4,000,582	1,314,261	-	(89,996)	-	5,224,847
Santiago	1,351,855	669,882	-	(11,492)	-	2,010,245
<b>Total options to acquire mineral interests</b>	<b>\$ 19,095,404</b>	<b>\$ 7,014,976</b>	<b>\$ -</b>	<b>\$ (745,930)</b>	<b>\$ -</b>	<b>\$ 25,364,450</b>

Project	As at Dec 31, 2017	Additions, net of recoveries	Abandoned or impaired	Effect of foreign currency exchange movements	Disposed	As at Dec 31, 2018
Ireland						
Rathkeale Limerick	\$ 1,464,123	\$ 489,738	\$ -	\$ 48,860	\$ -	\$ 2,002,721
Shrulle	132,700	9,378	(146,224)	4,146	-	-
Kingscourt	138,173	-	-	5,149	-	143,322
Lismore Waterford	507,470	46,722	-	18,612	-	572,804
Fermoy	8,814	21,100	-	569	-	30,483
Gaine River	2,820	1,529	(4,411)	62	-	-
Moyvore	7,470	2,779	(10,437)	188	-	-
Charleville	-	20,838	-	344	-	21,182
Millstreet	-	27,163	-	448	-	27,611
Newfoundland & Labrador						
Buchans	964,437	(63,958)	-	-	(900,479)	-
Katie	235,624	2,099	-	-	(237,723)	-
La Poile	11,893	4,069	-	-	(15,962)	-
Security Deposits	17,845	-	-	-	(17,845)	-
<b>Total mineral properties</b>	<b>\$ 3,491,369</b>	<b>\$ 561,457</b>	<b>\$ (161,072)</b>	<b>\$ 78,378</b>	<b>\$ (1,172,009)</b>	<b>\$ 2,798,123</b>
Curipamba	\$ 3,117,192	\$ 9,814,885	\$ -	\$ 810,890	\$ -	\$ 13,742,967
Pijilí	-	3,952,745	-	47,837	-	4,000,582
Santiago	-	1,342,853	-	9,002	-	1,351,855
<b>Total options to acquire mineral interests</b>	<b>\$ 3,117,192</b>	<b>\$ 15,110,483</b>	<b>\$ -</b>	<b>\$ 867,729</b>	<b>\$ -</b>	<b>\$ 19,095,404</b>

## For the three and six months ended June 30, 2019 and 2018

(Tabular amounts in Canadian dollars, except per share amounts)

**7. EXPLORATION AND EVALUATION ASSETS AND OPTIONS TO ACQUIRE MINERAL INTERESTS (CONTINUED)**

The Corporation acquires exploration and evaluation assets through staking and from third party vendors. In addition, the Corporation may sell some or a portion of its exploration and evaluation to third parties in exchange for exploration expenditures, royalty interests, cash, and share-based payments.

During the six months ended June 30, 2019, the Corporation invested \$5,030,833 (June 30, 2018: \$4,660,670) into the option to earn the entity that holds the Curipamba mining interest. As at June 30, 2019, the Corporation had funded a cumulative amount of US\$13,852,951 (June 30, 2018: US\$6,173,191) of the US\$25,000,000 Qualifying Project Expenditures required over five years for the earn-in.

During the six months ended June 30, 2019, the Corporation invested \$1,314,261 (June 2018: \$329,578) and \$669,882 (June 2018: \$87,887) respectively into Pijilí and Santiago. As at June 30, 2019, the Corporation had invested US\$2,248,215 and US\$663,971 (June 2018: US\$204,687 and US\$68,996) respectively into Pijilí and Santiago, thereby satisfying the required expenditures for both projects. Notes 4 and 10(c).

As of June 30, 2019, the Corporation has included in its accounts payable an amount of \$291,900 attributable to exploration and evaluation asset expenditures as well as expenditures for the option to acquire mineral interest. (December 31, 2018: \$322,071).

**8. ADVANCES, OTHER RECEIVABLES AND PREPAID EXPENSES**

Advances represent amounts in relation to the option to acquire mineral interests that have been advanced to Salazar for project expenditures in Curipamba but have not been spent. No interest is receivable on the advances. Other receivables include, interest receivable, sales tax recoverable from the government and other prepaid expenses.

	June 30, 2019		December 31, 2018	
Advances made for options to acquire mineral interests	\$	145,783	\$	55,001
<b>Total advances</b>	\$	145,783	\$	55,001
Sales tax receivables	\$	138,967	\$	59,981
Other receivables		26,864		58,399
Other prepaid expenses		71,902		106,667
<b>Total other receivables and prepaid expenses</b>	\$	237,733	\$	225,047

**9. GENERAL AND ADMINISTRATIVE EXPENSES**

	For the three months ended June 30,		For the six months ended June 30,					
	2019	2018	2019	2018				
Salaries and benefits	\$	265,706	\$	316,295	\$	500,630	\$	615,932
Professional and consulting fees		248,949		93,786		541,845		226,881
Office and administrative		176,844		131,092		375,632		263,411
<b>Total general and administrative</b>	\$	691,499	\$	541,173	\$	1,418,107	\$	1,106,224

**10. SHAREHOLDERS' EQUITY**

The Corporation is authorized to issue an unlimited number of common shares at no par value. The directors are authorized to fix the number of shares and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares.

**(a) Common Shares**

On May 22, 2019, the Corporation closed the Nobis Placement pursuant to which the Corporation issued 13,794,616 common shares of the Corporation at \$0.876 per share, for aggregate gross proceeds of \$12,084,084. Nobis was the largest participant in the Nobis Placement and owned 9.9% of the Corporation's common shares after the closing. It was granted the right to appoint a director to the Board as well as the right to participate in future equity offerings so that it can maintain its pro rata ownership at the time of such offering.

For the three and six months ended June 30, 2019 and 2018

(Tabular amounts in Canadian dollars, except per share amounts)

10. SHAREHOLDERS' EQUITY (CONTINUED)

(b) *Stock Options*

On January 31, 2019, the Corporation granted 500,000 options to a director and an employee under the Corporation's stock option plan. The fair value of the options was estimated on the date of grant to be \$0.49 using the Black-Scholes option pricing model with the following assumptions:

	2019
Expected life (years)	5.0
Risk-free interest rate (%)	1.9
Expected volatility (%)	78
Expected dividend yield (%)	-

During the six months ended June 30, 2019, 1,200,000 options were exercised for \$300,000, and 400,000 options were forfeited.

The following table summarizes the Corporation's stock option plan as of June 30, 2019 and changes during the period:

(expressed in Canadian dollars, except per share amounts)	Number of Options	Weighted Average Exercise Price
Options outstanding, January 1, 2018	4,400,000	\$ 0.54
Granted	100,000	0.96
Options outstanding, December 31, 2018	4,500,000	0.55
Granted	500,000	0.78
Exercised	(1,200,000)	0.25
Forfeited	(400,000)	0.78
<b>Balance as at June 30, 2019</b>	<b>3,400,000</b>	<b>\$ 0.67</b>

During the six months ended June 30, 2019, the Corporation recorded share-based compensation expense of \$167,851 (June 30, 2018: \$346,463) relating to stock options to employees and directors which vested in the period.

(c) *Brokers' Warrants*

During the six months ended June 30, 2019, 213,090 common shares were issued as a result of brokers' warrants being exercised with an average exercise price of \$0.52 per share for gross proceeds of \$111,519. Fair value amount of \$46,226 attributable to these brokers' warrants was transferred from the warrant reserve and recorded against share capital.

The following summarizes the number of common shares reserved pursuant to the Corporation's outstanding warrants at June 30, 2019 and the movement during the period:

(expressed in Canadian dollars, except per share amounts)	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding as at January 1, 2018	354,925	\$ 0.67
Granted	-	-
Warrants outstanding as at December 31, 2018	354,925	0.67
Exercise	(213,090)	0.52
<b>Balance as at June 30, 2019</b>	<b>141,835</b>	<b>\$ 0.88</b>

For the three and six months ended June 30, 2019 and 2018

(Tabular amounts in Canadian dollars, except per share amounts)

**11. RELATED PARTY TRANSACTIONS**

Compensation for key management personnel and directors for the three and six months ended June 30, 2019 and 2018 is as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Salaries and benefits	\$ 331,972	\$ 270,059	\$ 717,490	\$ 569,696
Share-based compensation	52,860	156,824	167,851	346,463
	\$ 384,832	\$ 426,883	\$ 885,341	\$ 916,159

For the six months ended June 30, 2019, an amount of \$182,769 (June 30, 2018: 147,794) of salaries and benefits of key management personnel were charged to the options to acquire mineral interest in Ecuador in accordance with the option agreement.

During the six months ended June 30, 2019, the Corporation incurred charges of \$Nil (June 30, 2018: \$10,740) from Altius Minerals Corporation ("Altius") and/or its subsidiaries for management fees, technical consulting and exploration related expenses. As at June 30, 2019 the amounts included in accounts payable and accrued liabilities are \$Nil (December 31, 2018: \$8,782)

The Corporation shares its office with Altius and Canstar. During the six months ended June 30, 2019, the Corporation charged Altius an amount of \$12,166 for its share of office rental (Jun 30, 2018: \$9,404) and the amounts included in accounts receivable is \$NIL. (December 31, 2018: \$Nil). During the same period, the Corporation charged Canstar an amount of \$15,617 for its share of office rental (Jun 30, 2018: \$Nil) and the amounts included in accounts receivable is \$8,555. (December 31, 2018: \$Nil).

These transactions are in the normal course of operations and are measured at the fair value amount, which is the amount of consideration established and agreed to by the related parties.

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Corporation has classified its financial instruments as follows:

As at June 30, 2019	FVTPL	Amortised cost	Other liabilities	Total
Financial Assets				
Short-term deposits	\$ -	\$ 103,117	\$ -	\$ 103,117
Other receivables	-	165,831	-	165,831
Advances made for options to acquire mineral interests	-	145,783	-	145,783
Options to acquire mineral interests <sup>1</sup>	25,364,450	-	-	25,364,450
<b>Total Financial Assets</b>	\$ 25,364,450	\$ 414,731	\$ -	\$ 25,779,181
Financial Liabilities				
Accounts payable and accruals	-	-	956,729	956,729
<b>Total Financial Liabilities</b>	\$ -	\$ -	\$ 956,729	\$ 956,729

Note 1: Until reliably measurable, this is measured at cost

For the three and six months ended June 30, 2019 and 2018

(Tabular amounts in Canadian dollars, except per share amounts)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

As at December 31, 2018	FVTPL	Amortised cost	Other liabilities	Total
<b>Financial Assets</b>				
Short-term deposits	\$ -	\$ 6,117,037	\$ -	\$ 6,117,037
Other receivables	-	118,380	-	118,380
Advances made for options to acquire mineral interests	-	55,001	-	55,001
Options to acquire mineral interests <sup>1</sup>	19,095,404	-	-	19,095,404
<b>Total Financial Assets</b>	\$ 19,095,404	\$ 6,290,418	\$ -	\$ 25,385,822
<b>Financial Liabilities</b>				
Accounts payable and accruals	-	-	1,665,108	1,665,108
<b>Total Financial Liabilities</b>	\$ -	\$ -	\$ 1,665,108	\$ 1,665,108

Note 1: Until reliably measurable, this is measured at cost

*Risk Management*

The Corporation's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. The Corporation manages these risks through prudent investment and business decisions and, where the exposure is deemed too high, the Corporation may enter into derivative contracts to reduce this exposure.

A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are included in the annual consolidated financial statements for the year ended December 31, 2018.

*Foreign currency risk*

The Corporation is exposed to the financial risks related to the fluctuation of foreign exchange rates of the United States dollar relative to the Canadian dollar. As at June 30, 2019, the Corporation is exposed to currency risk through the following assets and liabilities denominated in the United States dollar:

	June 30, 2019	December 31, 2018
Cash	\$ 6,784,243	\$ 501,417
Other receivables & prepaid expenses	39,719	45,038
Advances paid for option to acquire mineral rights	145,727	30,820
Options to acquire mineral rights	21,940,537	15,671,490
Accounts payable and accruals	(293,144)	(928,950)
<b>Net asset exposure</b>	\$ 28,617,082	\$ 15,319,815

The Corporation is exposed to the financial risks related to the fluctuation of foreign exchange rates of the Euro relative to the Canadian dollar. As at June 30, 2019, the Corporation is exposed to currency risk through the following assets and liabilities denominated in the Euro:

	June 30, 2019	December 31, 2018
Cash	\$ 9,448	\$ 6,389
Other receivables & prepaid expenses	9,377	10,820
Accounts payable and accruals	(98,594)	(60,893)
<b>Net asset exposure</b>	\$ (79,769)	\$ (43,684)

For the three and six months ended June 30, 2019 and 2018

(Tabular amounts in Canadian dollars, except per share amounts)

13. SEGMENTED INFORMATION

The Corporation operates in one reportable segment, that of exploration and development of mineral properties. It has three geographic locations, namely, Ecuador, Ireland and Canada.

The geographic distribution of the Corporation's assets in exploration and evaluation assets and options to acquire mineral interests as well as total assets are as follows:

Exploration and Evaluation assets and Options to acquire mineral interests (expressed in Canadian dollars)	June 30, 2019	December 31, 2018
Ecuador	\$ 25,364,450	\$ 19,095,404
Ireland	2,075,317	2,798,123
	\$ 27,439,767	\$ 21,893,527

  

Total Assets (expressed in Canadian dollars)	June 30, 2019	December 31, 2018
Ecuador	\$ 25,517,582	\$ 19,171,791
Ireland	2,317,331	2,815,332
Canada	11,131,971	8,379,487
	\$ 38,966,884	\$ 30,366,610

14. COMMITMENTS

*Mineral property expenditures*

The Corporation has obtained various mineral rights licenses by staking claims and paying refundable security deposits. Certain expenditures are required on an annual basis, from the date of license issuance, to maintain the licenses in good standing and for refund of security deposits. On or before the anniversary date of license issuance, and if the required expenditures are not met, the Corporation has the option of reducing claims on a property, posting a refundable security bond for the deficient amount or elect to allow title of the license be cancelled. The Corporation is required to spend \$65,750 by December 31, 2019 and \$ 92,066 by December 31, 2020 in Ireland to maintain various licenses in good standing.

*Operating lease*

The Corporation is committed to lease obligations, including common operating costs, on office space for annual future payments as follows:

	Amount
2019	\$ 73,187
<b>Total commitments</b>	\$ 73,187

*Contractual obligations*

The Corporation has certain royalty obligations on its properties. This includes a 2% NSR royalty on the Newfoundland Projects pursuant to the Newfoundland Royalty Agreement dated November 16, 2016 and a 2% NSR royalty on the Irish Properties pursuant to the Irish Royalty Agreement dated November 29, 2016.

Under the Option Agreement in Curipamba, the Corporation shall pay to Salazar an annual advance payment of US\$250,000 to an aggregate maximum of US\$1,500,000 over the option period of five years. Should the Option Agreement be terminated without the Option having been exercised, any such amounts of advance payment made will not be refundable.

Under the Pijilí and Santiago Agreements, the Corporation shall pay to Salazar US\$50,000 and US\$25,000 respectively as the remainder of the cash consideration when all conditions to the Pijilí and Santiago Agreements have been satisfied. In the third quarter of 2019, the final closing payments were made. Note 15(c).



## **15. SUBSEQUENT EVENTS**

### *(a) 2019 Brokered Placement*

On August 7 and August 9, 2019, the Corporation closed a brokered private placement with a syndicate of underwriters led by Raymond James Ltd. Pursuant to this, 14,261,300 common shares were issued at \$1.00 per share for adequate gross proceeds of C\$14,261,300. The underwriters were paid a 6% cash commission on proceeds under the 2019 Brokered Placement, except for the proceeds from existing strategic investors, which had cash commission of 1%. Total commission paid was \$652,613.

### *(b) Options exercise and grant of Options/Restricted Share Units ("RSU")*

On July 12, 2019, a total of 900,000 options and 455,000 RSUs were granted to directors and officers, employees and consultants. The options have an exercise price of \$1.06 and an expiry date of July 12, 2024, and vest over three years. The RSU's vest at the end of 24 months.

### *(c) Pijili and Santiago final payments*

On July 29, 2019 and August 19, 2019 respectively, the Corporation made the closing payments of US\$25,000 and US\$50,000 as the remainder of the cash consideration under the Santiago and Pijili Agreements. As a result, the Corporation has completed its obligations under the two agreements and earned the right for Salazar to transfer the two projects and the entities that hold them to its 80% owned Dos Gemas.

### *(d) BMEx Transaction*

Following a restructure of Adventus Ireland in July 2019, which saw the SW Irish Properties being transferred to a new wholly owned subsidiary in Ireland ("NewCo"), the BMEx Transaction closed on July 26, 2019 with the signing of an Investment and Cooperation Agreement with BMEx pursuant to which BMEx acquired NewCo from Adventus in return for 2,650,000 common shares in BMEx. This is subject to additional BMEx shares being issued to the Corporation should BMEx not complete its planned initial public offering and listing on the Australian Securities Exchange by December 1, 2019.