RADIUS GOLD INC.

FINANCIAL REVIEW

Second Quarter Ended June 30, 2016

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2016

(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the six months ended June 30, 2016. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

RADIUS GOLD INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(Expressed in Canadian Dollars)

As at:	**June 30, 2016**	**December 31, 2015**
ASSETS		
Current assets		
Cash and cash equivalents (Note 5)	$ 5,233,659	$ 151,861
Available-for-sale investments (Note 6)	3,426,067	4,252,417
Receivables (Notes 7 and 13)	742,121	784,764
Due from related parties (Note 13)	10,000	8,224
Prepaid expenses and deposits (Note 13)	69,726	59,653
Total current assets	9,481,573	5,256,919
Non-current assets		
Long-term deposits (Note 13)	123,597	123,597
Property and equipment (Note 8)	62,395	78,166
Mineral property and royalty interests (Note 10)	1,278,978	1,259,506
Investment in associates (Note 9)	1	369,829
Total non-current assets	1,464,971	1,831,098
TOTAL ASSETS	**$ 10,946,544**	**$ 7,088,017**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 13)	$ 42,847	$ 106,407
Total liabilities	42,847	106,407
Shareholders' equity		
Share capital (Note 11)	56,592,613	56,592,613
Other equity reserve	6,636,658	6,636,658
Deficit	(54,157,368)	(56,382,369)
Accumulated other comprehensive income	1,831,794	134,708
Total shareholders' equity	10,903,697	6,981,610
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 10,946,544**	**$ 7,088,017**

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS AND AUTHORIZED FOR ISSUE ON AUGUST 25, 2016 BY:

"Simon Ridgway", Director
Simon Ridgway

"William Katzin", Director
William Katzin

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

RADIUS GOLD INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(Expressed in Canadian Dollars)

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Royalty revenue (Note 10)	$ 135,303	$ 487,833	$ 356,710	$ 487,833
Exploration expenditures	107,590	194,966	226,063	341,858
Write-off of mineral property interests	-	-	-	32,022
	107,590	194,966	226,063	373,880
General and administrative expenses				
Amortization	7,909	9,241	15,771	18,518
Legal and audit fees	30,261	100,171	47,584	154,969
Management fees (Note 13)	10,500	25,500	21,000	51,000
Office and miscellaneous (Note 13)	39,979	39,568	85,451	92,828
Salaries and benefits (Note 13)	31,036	37,519	57,687	79,961
Shareholder communications (Note 13)	5,618	12,364	7,217	24,763
Transfer agent and regulatory fees (Note 13)	4,115	9,643	10,868	27,785
Travel and accommodation (Note 13)	1,045	2,371	5,376	14,811
	130,463	236,377	250,954	464,635
Income (loss) before other income/(expenses)	(102,750)	56,490	(120,307)	(350,682)
Other income (expenses)				
Share of post-tax losses of associates (Note 9)	-	(31,000)	(44,000)	(87,000)
Gain on reclassification as available-for-sale investment (Note 9)	598,772	-	598,772	-
Gain on loan conversion	-	-	-	180,000
Foreign currency exchange gain (loss)	2,711	13,951	(61,885)	21,179
Gain on sale of available-for-sale investments	1,818,398	18,465	1,990,726	18,465
Impairment on available-for-sale investments	-	-	(141,920)	(28,264)
Gain from mineral property option agreements	-	-	-	60,661
Investment income	2,930	412	3,615	17,241
Recovery of receivables	-	-	-	423,055
Net income for the period	**$ 2,320,061**	**$ 58,318**	**$ 2,225,001**	**$ 254,655**
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss:				
Fair value gains (losses) on available-for-sale investments (Note 6)	2,878	(91,185)	1,697,086	(115,926)
Total comprehensive income (loss)	**$ 2,322,939**	**$ (32,867)**	**$ 3,922,087**	**$ 138,729**
Basic and diluted earnings per share	$0.03	$0.00	$0.03	$0.00
Weighted average number of common shares outstanding	86,675,617	86,675,617	86,675,617	86,675,617

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

RADIUS GOLD INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
For the six months ended June 30, 2016 and 2015
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Other equity reserve	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2014	86,675,617	$ 56,592,613	$ 6,636,658	$ 201,108	$ (54,506,920)	$ 8,923,459
Income for the period	-	-	-	-	254,655	254,655
Available-for-sale investments	-	-	-	(115,926)	-	(115,926)
Balance, June 30, 2015	86,675,617	56,592,613	6,636,658	85,182	(54,252,265)	9,062,188
Loss for the period	-	-	-	-	(2,130,104)	(2,130,104)
Available-for-sale investments	-	-	-	(49,526)	-	(49,526)
Balance, December 31, 2015	86,675,617	56,592,613	6,636,658	134,708	(56,382,369)	6,981,610
Income for the period	-	-	-	-	2,225,001	2,225,001
Available-for-sale investments	-	-	-	1,697,086	-	1,697,086
Balance, June 30, 2016	**86,675,617**	**$ 56,592,613**	**$ 6,636,658**	**$ 1,831,794**	**$ (54,157,368)**	**$ 10,903,697**

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

RADIUS GOLD INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Expressed in Canadian Dollars)

	Three months ended June 30,		Six months ended June 30,	
	2016	**2015**	**2016**	**2015**
Cash provided by (used in):				
OPERATING ACTIVITIES				
Net income for the period	$ 2,320,061	$ 58,318	$ 2,225,001	$ 254,655
Items not involving cash:				
Amortization	7,909	9,241	15,771	18,518
Gain from mineral property option agreements	-	-	-	(60,661)
Write off of mineral property interests	-	-	-	32,022
Impairment of available-for-sale investments	-	-	141,920	28,264
Gain on sale of available-for-sale investments	(1,818,398)	(18,465)	(1,990,726)	(18,465)
Gain on loan conversion	-	-	-	(180,000)
Gain on reclassification as available-for-sale investment	(598,772)	-	(598,772)	-
Share of post-tax losses of associates	-	31,000	44,000	87,000
	(89,200)	80,094	(162,806)	161,333
Changes in non-cash working capital items:				
Receivables	34,271	(487,709)	42,643	(498,600)
Prepaid expenses and deposits	(18,133)	1,442	(10,073)	30,260
Due from related parties	(1,226)	355,526	(1,776)	(32,412)
Accounts payable and accrued liabilities	(107,400)	68,622	(63,560)	101,070
Cash provided by (used for) operating activities	(181,688)	17,975	(195,572)	(238,349)
INVESTING ACTIVITIES				
Proceeds from loan repayment and interest payment	-	-	-	521,742
Purchase of available-for-sale investments	(115,209)	(366,200)	(115,209)	(366,200)
Expenditures on exploration and evaluation asset acquisition costs	(19,472)	(1,259,505)	(19,472)	(1,283,326)
Proceeds from mineral property option agreements	-	-	-	60,661
Proceeds from sale of available-for-sale investments	4,539,723	257,349	5,412,051	257,349
Cash provided by (used for) investing activities	4,405,042	(1,368,356)	5,277,370	(809,774)
Increase (decrease) in cash and cash equivalents	**4,223,354**	**(1,350,381)**	**5,081,798**	**(1,048,123)**
Cash and cash equivalents, beginning of period	1,010,305	1,540,630	151,861	1,238,372
Cash and cash equivalents, end of period	**$ 5,233,659**	**$ 190,249**	**$ 5,233,659**	**$ 190,249**

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

1. CORPORATE INFORMATION

Radius Gold Inc. (the "Company") was formed by the amalgamation of Radius Explorations Ltd. and PilaGold Inc. effective on July 1, 2004.

The Company is domiciled in Vancouver, Canada and is engaged in acquisition and exploration of mineral properties or investment in companies which hold mineral property interests. The address of the Company's head office is 650 – 200 Burrard Street, Vancouver, BC, Canada V6C 3L6.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's most recent annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis as modified by any revaluation of available-for-sale financial assets.

The condensed interim consolidated financial statements are presented in Canadian dollars ("CDN"), which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Nature of Operations

These financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. A wholly owned subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are deconsolidated from the date control ceases.

Details of the Company's principal subsidiaries at June 30, 2016 are as follows:

Name	Place of Incorporation	Interest %	Principal Activity
Minerales Sierra Pacifico S.A.	Guatemala	100%	Exploration company
Geometales Del Norte-Geonorte	Mexico	100%	Exploration company
Radius (Cayman) Inc.	Cayman Islands	100%	Holding company

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The following new standard has been issued by the IASB but is not yet effective:

IFRS 9 Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. In response to delays to the completion of the remaining phases of the project, the IASB issued amendments to IFRS 9 and has indefinitely postponed the adoption of this standard. The amendments also provided relief from the requirement to restate comparative financial statements for the effects of applying IFRS 9. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers* specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is effective for annual periods starting on or after January 1, 2018, with earlier application permitted. The Company is in the process of evaluating the impact of the new standard.

IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 Leases of which requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases. The new standard will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16. The Company is in the process of evaluating the impact of the new standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The key areas of judgment applied in the preparation of the condensed interim consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

a) Where the Company holds the largest shareholding in an investment and has the power to exercise significant influence through common officers and board members, such an investment is treated as an associate. The Company can exercise significant influence over Rackla Metals Inc. ("Rackla"). The Company no longer has the power to exercise significant influence over Medgold Resources Corp ("Medgold") and therefore an investment in Medgold is now treated as an available-for-sale investment;

b) The determination of when an investment is impaired requires significant judgment. In making this judgment, the Company evaluates, amongst other things, the duration and extent to which the fair value of the investment is less that its original cost at each reporting period;

c) The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders functional currency of its entities if there is a change in events and conditions which determined the primary economic environment; and

d) The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

   If, after exploration and evaluation assets is capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test at the cash generating unit or group of cash generating units level in the year the new information becomes available; and

e) The determination of when receivables are impaired requires significant judgment as to their collectability.

The key estimate applied in the preparation of the condensed interim consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

a) The Company is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the company's belief that its tax return positions are supportable, the company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

b) The Company accounts for royalty revenue on an accrual basis which requires forecasting of gold prices and use of preliminary assay and weight results to estimate revenue prior to final settlement.

(Expressed in Canadian Dollars)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company does not hold any deposits with maturities of greater than three months from the date of acquisition. Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates.

6. AVAILABLE-FOR-SALE INVESTMENTS

	B2Gold	Focus	Southern	Medgold	Total
Balance, December 31, 2014	$ 5,370,148	$ 191,407	$ -	$ -	$ 5,561,555
Acquisition of shares	-	366,200	480,000	-	846,200
Disposition of shares	(446,784)	-	-	-	(446,784)
Impairment adjustment	(1,297,364)	(164,790)	(180,000)	-	(1,642,154)
Net change in fair value recorded in other comprehensive income	-	(66,400)	-	-	(66,400)
Balance, December 31, 2015	3,626,000	326,417	300,000	-	4,252,417
Acquisition of shares	-	115,209	-	-	115,209
Disposition of shares	(3,206,000)	-	(215,325)	-	(3,421,325)
Impairment adjustment	-	(141,920)	-	-	(141,920)
Reclassification as available-for-sale investment	-	-	-	924,600	924,600
Net change in fair value recorded in other comprehensive income	552,000	88,951	694,335	361,800	1,697,086
Balance, June 30, 2016	**$ 972,000**	**$ 388,657**	**$ 779,010**	**$ 1,286,400**	**$ 3,426,067**

Available-for-sale investments are recorded at fair value. As of June 30, 2016, available-for-sale investments consisted of 300,000 (December 31, 2015: 2,590,000) common shares of B2Gold Corp. (“B2Gold”), 4,318,406 (December 31, 2015: 2,838,406) common shares of Focus Ventures Ltd. (“Focus”), 1,693,500 (December 31, 2015: 6,000,000) common shares of Southern Silver Exploration Corp. (“Southern Silver”), and 8,040,000 (December 31, 2015: Nil) common shares of Medgold, all of which are public companies.

As at June 30, 2016, the fair value based on published market prices of the available-for-sale investments was $3,426,067 (December 31, 2015: $4,252,417). An unrealized gain of $1,697,086 was recorded in other comprehensive income during the period ended June 30, 2016 (2015: unrealized loss of $115,926), of which an unrealized gain of $552,000 related to B2Gold shares (2015: $54,000), an unrealized gain of $694,335 related to Southern Silver shares (2015: unrealized loss of $180,000), an unrealized gain of $88,951 related to Focus shares (2015: $10,074), and an unrealized gain of $361,800 related to Medgold shares (2015: $Nil).

During the period ended June 30, 2016, the Company’s holding of 8,040,000 Medgold shares was reclassified from an investment in associate to an available-for-sale investment (Note 9). The fair value of the Medgold shares at the time of reclassification was $924,600.

During the period ended June 30, 2016, the Company sold 2,290,000 shares of B2Gold for net proceeds of $4,693,231 and recorded a gain on sale of available-for-sale investments of $1,487,232 and sold 4,306,500 shares of Southern Silver for net proceeds of $718,819 and recorded a gain of $503,494.

Subsequent to the period ended June 30, 2016, the Company sold all of the remaining 300,000 shares of B2Gold for net proceeds of $1.03 million and sold 193,500 shares of Southern Silver for net proceeds of $95,689, reducing the number of shares held to 1,500,000.

During the period ended June 30, 2016, the Company acquired a total of $1,480,000 shares of Focus of which 770,000 shares were acquired by way of private placement at a cost of $50,050 and 710,000 shares in the market at a cost of $65,159. Subsequent to the period end, the Company acquired an additional 770,000 shares of Focus upon the exercise of 770,000 share purchase warrants at a cost of $57,750, increasing the number of shares held to 5,088,406.

(Expressed in Canadian Dollars)

6. AVAILABLE-FOR-SALE INVESTMENTS – (cont'd)

During the period ended June 30, 2016, an impairment charge of $141,920 was charged against the Focus shares due the fair value of the shares being less than the adjusted cost base as at the end of the first quarter (2015: $28,264 impairment charge against B2Gold shares).

As at June 30, 2016, the Company also held 2,000,000 (December 31, 2015: 2,000,000) share purchase warrants to purchase common shares of Medgold. Each Medgold warrant entitles the Company to purchase an additional common share exercisable until February 4, 2017 at a price of $0.15. The Medgold share purchase warrants are not tradable on an exchange.

As of June 30, 2016, the Company also holds 2,973,275 free trading common shares of Rackla with a fair value of $401,392 (December 31, 2015: $163,530) but they are recorded as an investment in associate (Note 9).

7. RECEIVABLES

	June 30, 2016	December 31, 2015
Royalty revenue	$ 685,493	$ 743,682
Sales taxes	36,336	35,465
Other receivables	20,292	5,617
	$ 742,121	**$ 784,764**

8. PROPERTY AND EQUIPMENT

	Leasehold improvements	Trucks	Computer equipment	Furniture and equipment	Geophysical equipment	Field equipment	Total
Cost							
Balance, December 31, 2014	$ 62,762	$ 215,638	$ 252,068	$ 62,656	$ 83,594	$ 2,480	$ 679,198
Additions	-	-	-	-	1,288	-	1,288
Balance, December 31, 2015	62,762	215,638	252,068	62,656	84,882	2,480	680,486
Additions	-	-	-	-	-	-	-
Balance, June 30, 2016	**$ 62,762**	**$ 215,638**	**$ 252,068**	**$ 62,656**	**$ 84,882**	**$ 2,480**	**$ 680,486**
Accumulated amortization							
Balance, December 31, 2014	$ 36,067	$ 196,237	$ 222,378	$ 45,069	$ 63,202	$ 1,974	$ 564,927
Charge for period	6,300	12,443	9,707	4,584	4,207	152	37,393
Balance, December 31, 2015	42,367	208,680	232,085	49,653	67,409	2,126	602,320
Charge for period	3,150	6,450	3,280	1,091	1,747	53	15,771
Balance, June 30, 2016	**$ 45,517**	**$ 215,130**	**$ 235,365**	**$ 50,744**	**$ 69,156**	**$ 2,179**	**$ 618,091**
Carrying amounts							
At December 31, 2015	$ 20,395	$ 6,958	$ 19,983	$ 13,003	$ 17,473	$ 354	$ 78,166
At June 30, 2016	**$ 17,245**	**$ 508**	**$ 16,703**	**$ 11,912**	**$ 15,726**	**$ 301**	**$ 62,395**

(Expressed in Canadian Dollars)

9. INVESTMENT IN ASSOCIATES

Medgold

As at June 30, 2016, the Company held 8,040,000 (December 31, 2015: 8,040,000) common shares of Medgold, representing 12.59% of Medgold's outstanding common shares.

Medgold previously met the definition of an associate and was equity accounted for in the condensed interim consolidated financial statements. During the period ended June 30, 2016, Medgold no longer met the definition of an associate and therefore the Company's investment in Medgold was reclassified as an available-for-sale investment. Upon discontinuing the use of the equity method, an investment, if a financial asset, is to be measured at fair value and the difference between the fair value and the carrying value of the investment recognized in profit or loss. The fair value of the investment in Medgold as at the time of reclassification was $924,600 and its carrying cost was $325,828. As a result, a gain of $598,772 was recognized in the condensed interim consolidated statement of operations for the period ended June 30, 2016.

The following table shows the continuity of the Company's interest in Medgold for the period from January 1, 2015 to June 30, 2016:

Balance, December 31, 2014	$	473,000
Increase in investment		4,085
Less: share of losses in associate		(193,000)
Gain on dilution		85,743
Balance, December 31, 2015		369,828
Less: share of losses in associate		(44,000)
Reclassification as available-for-sale investment		(325,828)
Balance, June 30, 2016	**$**	**-**

The financial statement balances of Medgold are as follows:

		December 31, 2015
Total current assets	$	254,480
Total assets		1,089,109
Total liabilities		548,625
Net loss		1,182,037[(1)]

(1) Net loss for the year ended December 31, 2015.

(Expressed in Canadian Dollars)

9. INVESTMENT IN ASSOCIATES – (cont'd)

Rackla

On October 1, 2015, Rackla completed a consolidation of its issued shares outstanding on a one new for five old basis. As a result, the Company's holding of 9,866,376 common shares in Rackla as of that date was reduced to 1,973,275. During the year ended December 31, 2015, the Company acquired an additional 1,000,000 post-consolidation common shares and 1,000,000 share purchase warrants of Rackla by way of a private placement at a cost of $50,000. Each share purchase warrant entitles the Company to purchase an additional post-consolidation common share of Rackla until October 18, 2017 at a price of $0.05. The Rackla share purchase warrants are not tradable on an exchange.

As at June 30, 2016, the Company's holding of 2,973,275 (December 31, 2015: 2,973,275) post-consolidation common shares of Rackla, represented 19.7% of Rackla's outstanding common shares.

Rackla meets the definition of an associate and has been equity accounted for in the condensed interim consolidated financial statements.

The following table shows the continuity of the Company's interest in Rackla for the period from January 1, 2015 to June 30, 2016:

Balance, December 31, 2014	$	1
Increase in investment		50,000
Less: share of losses in associate		(50,000)
Balance, December 31, 2015		1
Balance, June 30, 2016	**$**	**1**

Prior to the year ended December 31, 2015 the Company's share of losses in Rackla exceeded the carrying value of its interest and therefore the Company discontinued recognizing its share of further losses. During the year ended December 31, 2015, with the additional 1,000,000 common shares being purchased at a cost of $50,000, the Company recognized losses in Rackla totaling $50,000 and once again reduced the carrying amount to a nominal $1. The cumulative unrecognized share of losses for the associate is $562,282.

The financial statement balances of Rackla are as follows:

		June 30, 2016		**December 31, 2015**
Total current assets	$	44,787	$	83,887
Total assets		191,095		231,419
Total liabilities		70,264		41,760
Net loss		68,828[(1)]		161,835[(2)]

(1) Net loss for six month period ended June 30, 2016.
(2) Net loss for the year ended December 31, 2015.

At June 30, 2016, the fair value of the 2,973,275 common shares of Rackla was $401,392 (December 31, 2015: $163,530).

(Expressed in Canadian Dollars)

10. MINERAL PROPERTY AND ROYALTY INTERESTS

Acquisition costs	Peru	Guatemala	United States	Mexico	Total
Balance, December 31, 2014	$ -	$ 531,369	$ 32,022	$ -	$ 563,391
Additions - cash	1,259,505	-	-	23,821	1,283,326
Write-off acquisition costs	-	(531,368)	(32,022)	(23,821)	(587,211)
Balance, December 31, 2015	1,259,505	1	-	-	1,259,506
Additions - cash	-	-	19,472	-	19,472
Balance, June 30, 2016	**$ 1,259,505**	**$ 1**	**$ 19,472**	**$ -**	**$ 1,278,978**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history, characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Details of the Company’s mineral property interests are disclosed in full in the consolidated financial statements for the year ended December 31, 2015. Significant exploration and evaluation asset transactions that have occurred since December 31, 2015 are as follows:

Tambor Project - Guatemala

During the period ended June 30, 2016, the Company recognized $356,710 in royalty revenue from the Tambor gold project, and recorded the amount as a receivable from the project owner. During the period ended June 30, 2016, the Company received payments totaling $357,204 towards royalty revenue recognized during the 2015 fiscal year. As at June 30, 2016, the amount receivable for recognized royalty revenue is $685,493 (December 31, 2015: $743,682).

On May 11, 2016, the project owner informed the Company that mining operations were suspended by the Supreme Court of Guatemala due to a lack of consultation by the Guatemalan Ministry of Mines with local indigenous people when the mine was permitted in 2011. To date, the Supreme Court has still not made a decision on when the mine may re-open.

Spring Peak Property – Nevada, USA

In May 2016, the Company entered into an option agreement with Kinetic Gold (US) Inc. (“Kinetic”) for the right to acquire a 100% interest in the Spring Peak gold property which consists of 37 United States federal mineral claims comprising 309 hectares and located in Mineral County, Nevada. The option can be exercised by making a cash payment to Kinetic of US$15,000 on signing (paid) and further expenditures by the Company as follows:

- cash payments to Kinetic totalling US$430,000 over the first five years following the issuance of a drill permit for the property, and then US$250,000 in each subsequent year until the option is exercised or terminated; and
- a total of US$725,000 in permitting and exploration work on the property, over three years following the issuance of the drill permit.

At any time while the option is in good standing, the Company may elect to deliver to Kinetic a technical report, complying with NI 43-101 standards, which documents a minimum 500,000 ounce gold equivalent inferred resource on the property, and upon said delivery, the Company will have the right for one year thereafter to purchase from Kinetic an outright 100% interest in the Property for the sum of US$500,000.

If the Company completes the purchase of the Spring Peak property, a combined 3.0% net smelter returns royalty will be granted to Kinetic and the underlying property owner. Up to one-half of the royalty may be purchased for up to US$1.5 million.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

There was no share capital activity during the periods ended June 30, 2016 and 2015.

b) Share Purchase Warrants

There was no share purchase warrant activity during the periods ended June 30, 2016 and 2015 and as at June 30, 2016, no share purchase warrants were outstanding.

12. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has a formal stock option plan in accordance with the policies of the TSX Venture Exchange ("TSX-V") under which it is authorized to grant options up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is not less than the closing market price of the Company's stock on the trading day prior to the date of grant. Options granted to investor relations personnel vest in accordance with TSX-V regulation. The options are for a maximum term of ten years.

There was no stock option activity during the period ended June 30, 2016.

				During the period				
Grant date	**Expiry date**	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Forfeited / expired**	**Closing balance**	**Vested and exercisable**
Jan 08, 2010	Jan 07, 2020	$0.29	1,570,000	-	-	-	1,570,000	1,570,000
May 26, 2010	May 25, 2020	$0.36	100,000	-	-	-	100,000	100,000
Sep 24, 2010	Sep 23, 2020	$0.69	820,000	-	-	-	820,000	820,000
Jul 27, 2011	Jul 26, 2021	$0.81	150,000	-	-	-	150,000	150,000
Dec 13, 2012	Dec 12, 2022	$0.20	2,135,000	-	-	-	2,135,000	2,135,000
			4,775,000	**-**	**-**	**-**	**4,775,000**	**4,775,000**
		Weighted average exercise price	$0.34	-	-	-	$0.34	$0.34

The weighted average remaining contractual life of the options outstanding at June 30, 2016 is 5.01 years.

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

The Company had transactions during the periods ended June 30, 2016 and 2015 with related parties who consisted of directors, officers and the following companies with common directors:

Related Party	Nature of Transactions
Mill Street Services Ltd. ("Mill Street")	Management fees
Gold Group Management Inc. ("Gold Group")	Shared general and administrative expenses
Focus	Investment and shared general and administrative expenses
Medgold	Investment and shared general and administrative expenses
Rackla (Associate)	Investment

In addition to related party transactions disclosed elsewhere in the condensed interim consolidated financial statements, the Company incurred the following expenditures charged by non-key management officers and companies which have common directors with the Company in the periods ended June 30, 2016 and 2015:

	Three months ended June 30,		Six months ended June 30,	
	2016	**2015**	**2016**	**2015**
Salaries and benefits	$ 7,707	$ 5,440	$ 14,054	$ 12,693
Exploration salaries and benefits	4,163	909	4,163	909
	$ 11,870	**$ 6,349**	**$ 18,217**	**$ 13,602**

The Company reimburses Gold Group, a company controlled by the Chief Executive Officer of the Company, for shared administrative costs and other business related expenses paid by Gold Group on behalf of the Company. During the periods ended June 30, 2016 and 2015, the Company reimbursed Gold Group the following:

	Three months ended June 30,		Six months ended June 30,	
	2016	**2015**	**2016**	**2015**
General and administrative expenses:				
Office and miscellaneous	$ 9,231	$ 12,703	$ 19,560	$ 20,622
Shareholder communications	140	152	1,289	926
Salaries and benefits[(1)]	29,444	31,730	53,184	64,709
Transfer agent and regulatory fees	1,955	1,923	1,955	1,923
Travel and accommodation	1,045	1,935	5,376	9,695
	$ 41,815	**$ 48,443**	**$ 81,364**	**$ 97,875**
Exploration expenditures	**$ -**	**$ -**	**$ -**	**$ 1,587**

(1) Salary and benefits costs for the periods ended June 30, 2016 and 2015 include those for the Chief Financial Officer and Corporate Secretary.

These transactions are in the normal course of operations and are measured at the fair value of the services rendered.

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS – (cont'd)

Receivables include $13,382 (December 31, 2015: $ Nil) owing from Gold Group for shared administrative costs.

Prepaid expenses and deposits include an amount of $4,184 (December 31, 2015: $7,084) paid to Gold Group for shared office and administrative services.

Long-term deposits include an amount of $60,000 (December 31, 2015: $60,000) paid to Gold Group as a deposit on the shared office and administrative services agreement dated effective July 1, 2012.

The due from related party amount of $10,000 (December 31, 2015: $8,224) is due from Medgold, a company which has a common director with the Company, and arose from shared administrative costs. This amount was unsecured, non-interest bearing and due on demand.

Accounts payable and accrued liabilities include $8,925 (December 31, 2015: $8,925) to Mill Street, a company controlled by the Chief Executive Officer of the Company, for management and geological fees, and $Nil (December 31, 2015: $21,913) payable to Gold Group for shared administrative costs.

During the period ended June 30, 2016, the Company acquired 1,480,000 common shares of Focus, a publicly listed company with two common directors, of which 770,000 shares were acquired by way of a private placement for a cost of $50,050 and 710,000 shares acquired on the open market for a cost of $65,159.

Subsequent to June 30, 2016, the Company acquired an additional 770,000 common shares of Focus upon the exercise of 770,000 share purchase warrants at a cost of $57,750.

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	Three months ended June 30,		Six months ended June 30,	
	2016	**2015**	**2016**	**2015**
Management fees	$ 10,500	$ 25,500	$ 21,000	$ 51,000
Geological fees	15,000	-	30,000	-
Salaries, benefits and fees	10,083	8,709	16,500	16,042
	$ 35,583	**$ 34,209**	**$ 67,500**	**$ 67,042**

(Expressed in Canadian Dollars)

14. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector relating to mineral exploration except for a royalty interest in a gold producing property. Due to the geographic and political diversity, the Company's exploration operations are decentralized whereby exploration managers are responsible for business results and regional corporate offices provide support to the exploration programs in addressing local and regional issues. The Company's operations are therefore segmented on a district basis. The Company's assets were located in Canada, Peru, Guatemala, Nicaragua, Mexico and Caymans. Details of identifiable assets by geographic segments are as follows:

Period ended June 30, 2016	**Canada**	**USA**	**Guatemala**	**Mexico**	**Other**	**Consolidated**
Royalty revenue	$ -	$ -	$ 356,710	$ -	$ -	$ 356,710
Exploration expenditures	-	51,577	38,535	68,912	67,039	226,063
Gain on sale of available-for-sale investments	1,990,726	-	-	-	-	1,990,726
Investment income	3,615	-	-	-	-	3,615
Amortization	9,337	-	6,434	-	-	15,771
Net income (loss)	1,901,374	(51,577)	472,634	3,414	(100,844)	2,225,001
Capital expenditures*	-	19,472	-	-	-	19,472

Period ended June 30, 2015	**Canada**	**USA**	**Guatemala**	**Mexico**	**Other**	**Consolidated**
Royalty revenue	$ -	$ -	$ 487,833	$ -	$ -	$ 487,833
Exploration expenditures	-	38,821	59,914	213,914	29,209	341,858
Exploration and evaluation assets written off	-	32,022	-	-	-	32,022
Gain on sale of available-for-sale investments	18,465	-	-	-	-	18,465
Investment income	17,241	-	-	-	-	17,241
Amortization	11,209	-	7,309	-	-	18,518
Net income (loss)	227,048	(38,821)	314,433	(159,677)	(88,328)	254,655
Capital expenditures*	-	-	-	23,821	1,259,505	1,283,326

*Capital expenditures consists of additions of property and equipment and exploration and evaluation assets

As at June 30, 2016	**Canada**	**USA**	**Guatemala**	**Peru**	**Mexico**	**Other**	**Consolidated**
Total current assets	$ 8,595,484	$ -	$ 695,245	$ -	$ 90,839	$ 100,005	$ 9,481,573
Total non-current assets	185,878	19,472	116	1,259,505	-	-	1,464,971
Total assets	**$ 8,781,362**	**$ 19,472**	**$ 695,361**	**$ 1,259,505**	**$ 90,839**	**$ 100,005**	**$ 10,946,544**
Total liabilities	**$ 30,846**	**$ -**	**$ 2,315**	**$ -**	**$ 3,672**	**$ 6,014**	**$ 42,847**

As at December 31, 2015	**Canada**	**Guatemala**	**Peru**	**Mexico**	**Other**	**Consolidated**
Total current assets	$ 4,338,675	$ 755,962	$ -	$ 29,537	$ 132,745	$ 5,256,919
Total non-current assets	565,041	6,552	1,259,505	-	-	1,831,098
Total assets	**$ 4,903,716**	**$ 762,514**	**$ 1,259,505**	**$ 29,537**	**$ 132,745**	**$ 7,088,017**
Total liabilities	**$ 96,353**	**$ 567**	**$ -**	**$ 4,718**	**$ -**	**$ 106,407**

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to fluctuations in foreign currencies through its operations in foreign countries. The Company monitors this exposure, but has no hedge positions. As at June 30, 2016, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	June 30, 2016				**December 31, 2015**			
	US Dollar	**Mexican Peso**	**Guatemala Quetzal**	**Nicaragua Cordoba**	**US Dollar**	**Mexican Peso**	**Guatemala Quetzal**	**Nicaragua Cordoba**
	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)	(CDN equivalent)
Cash	$ 242,460	$ 478	$ -	$ 666	$ 93,498	$ 1,290	$ 411	$ 1,045
Receivables	685,493	24,849	2,111	-	743,682	27,592	2,261	-
Current liabilities	(9,640)	(3,672)	(2,315)	(6,014)	(19,141)	(4,718)	(567)	(4,769)
	$ 918,313	**$ 21,655**	**$ (204)**	**$ (5,348)**	**$ 818,039**	**$ 24,164**	**$ 2,105**	**$ (3,724)**

Based on the above net exposures at June 30, 2016, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a $93,000 (December 31, 2015: $84,000) increase or decrease in profit or loss, respectively.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – (cont'd)

a) Market Risk – (cont'd)

Commodity Price Risk

The Company's royalty revenue is derived from a royalty interest that is based on the extraction and sale of gold. Factors beyond the control of the Company may affect the marketability of gold discovered. Gold prices have historically fluctuated widely. Consequently, the economic viability of the Company's royalty interest cannot be accurately predicted and may be adversely affected by fluctuations in gold prices. The Company has not engaged in any hedging activities.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be limited as it holds no assets or liabilities subject to variable rates of interest.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's available-for-sale investments are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the investments are held. The available-for-sale investments held in B2Gold, Focus, and Southern Silver are monitored by the Board with decisions on sale taken by Management. A 10% decrease in fair value of the shares would result in an approximate $343,000 decrease in equity.

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents, available-for-sale investments and receivables. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions. The Company does not have cash and cash equivalents or available-for-sale investments that are invested in asset based commercial paper. For receivables, the Company estimates, on a continuing basis, the probable losses and provides a provision for losses based on the estimated realizable value.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At June 30, 2016, the Company had working capital of $9.44 million (December 31, 2015: $5.15 million) available to apply against short-term business requirements. All of the Company's financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms.

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Management considers that due to their short-term nature the carrying amounts of financial assets and financial liabilities, which include cash, due from related parties, advances and other receivables, deposits, accounts payables and accrued liabilities, and due to related parties are assumed to approximate their fair values.

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – (cont'd)

The fair value investments in associates are detailed in the following table:

	June 30, 2016 Book value	June 30, 2016 Fair value
Financial assets		
Shares held in Rackla and recorded as investment in associate (Note 9)	$ 1	$ 401,392

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The available-for-sale investments for B2Gold, Focus, Southern Silver, and Medgold are based on quoted prices and are therefore considered to be Level 1. The embedded derivative on royalty income receivables is derived from gold prices and therefore considered to be Level 2. There were no transfers between Levels during the current period.

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company monitors its cash, available-for-sale investments, common shares, warrants and stock options as capital. There were no changes in the Company's approach to capital management during the period ended June 30, 2016. The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company expects its current capital resources to be sufficient to carry out its planned exploration programs and operating costs for the next twelve months.

17. CHANGE IN PRESENTATION

The Company has reclassified certain prior period expenses to conform to the current year presentation of expenses.

RADIUS GOLD INC.

(the "Company")

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the Six Months Ended June 30, 2016

General

This interim Management's Discussion and Analysis ("Interim MD&A") supplements, but does not form part of, the unaudited condensed interim consolidated financial statements of the Company for the six months ended June 30, 2016. The following information, prepared as of August 25, 2016, should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for six months ended June 30, 2016 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In addition, the following should be read in conjunction with the Consolidated Financial Statements of the Company for the year ended December 31, 2015 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The June 30, 2016 financial statements have not been reviewed by the Company's auditors.

The Company's public filings, including its most recent unaudited and audited financial statements can be reviewed on the SEDAR website (www.sedar.com).

Forward Looking Information

This Interim MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation ("Forward-looking Statements"). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this Interim MD&A include, without limitation, statements relating to:

- the Company's planned exploration activities for its mineral properties;
- the Company's continued receipt of royalty payments from the Tambor Project;
- the intended use of proceeds received from past and possible future financing activities;
- the sufficiency of the Company's cash position and its ability to raise, if needed, equity capital or access debt facilities; and
- maturities of the Company's financial liabilities or other contractual commitments.

Often, but not always, these Forward-looking Statements can be identified by the use of words such as "anticipates", "believes", "plans", "estimates", "expects", "forecasts", "scheduled", "targets", "possible", "strategy", "potential", "intends", "advance", "goal", "objective", "projects", "budget", "calculates" or statements that events, "will", "may", "could" or "should" occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration activities, and investing in companies which conduct mineral exploration and development activities;
- due diligence investigations on potential investments not identifying all relevant facts;
- inability to dispose of illiquid securities;
- continued receipt of royalty payments from the Tambor Project;
- fluctuations in commodity prices;
- fluctuations in foreign exchange rates and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters and local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- adequacy of insurance coverage;
- dilution from further equity financing;
- competition; and
- uncertainties relating to general economic conditions.

as well as those factors referred to in the "Risks and Uncertainties" section in this Interim MD&A.

Forward-looking Statements contained in this Interim MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company's properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matter;
- permitting, exploration and/or development activities proceeding on a basis consistent with the Company's current expectations;
- royalty payments from the Tambor Project will continue to be received;
- due diligence investigations on potential investments will reveal all relevant facts;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates; and
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that Forward-looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on Forward-looking Statements.

Business of the Company

The Company has been exploring for gold in Latin America for over a decade which has resulted in the discovery of several gold deposits in Central America. Following the sale of its Trebol and El Pavon projects in Nicaragua to B2Gold Corp. ("B2Gold"), the Company established a strong treasury which includes shares of B2Gold. Management has been conducting an ongoing review of exploration projects and/or distressed junior companies that may be available for acquisition or joint venture with the aim of expanding the geographic and commodity focus of the Company.

Since commencement of commercial production at the Tambor Project, Guatemala in December 2014, the Company has been receiving royalty payments from the project owner. To date, the Company has recognized net royalty income of $1,455,622, of which $793,497 has been received to date. For further details on this revenue source for the Company, see "Royalty Interests – Guatemala-Tambor Project Royalty" below.

In order to give the Company more flexibility in the way it is allowed to put its capital to work, the Company completed in April 2015 a change of business from a Tier 2 Mining Issuer to a Tier 1 Investment Issuer in accordance with the rules and policies of the TSX Venture Exchange ("TSXV"). There have been no changes in the Company's management or Board members as a result of the change of business. The Company remains involved only in the resource sector and is not seeking to become solely a royalty company or investment fund. The change of business has simply given the Company more flexibility to apply its working capital to a wider range of projects within the resource sector.

A summary of the Company's investments, royalties and properties is provided below:

Investments

In order to capitalize on the current rebounding markets, the Company has sold in 2016 its remaining shares in B2Gold and a portion of its shares in Southern Silver Exploration Corp. The following is a summary of investment activities since January 1, 2016:

- 2,590,000 shares of B2Gold were sold, for net proceeds of $5.72 million.
- 4,500,000 shares of Southern Silver Exploration Corp. ("Southern Silver") were sold, for net proceeds of approximately $814,000.
- 2,250,000 shares of Focus Ventures Ltd. ("Focus") were purchased at a cost of $172,959, of which 770,000 shares were acquired by way of private placement, 770,000 shares by exercising 770,000 share purchase warrants, and $710,000 in the market.

The Company's current cash and cash equivalents on hand is approximately $5.2 million and its current investments consist of:

Focus 5,088,406 shares – approximately 3.9% of issued. Current market value: $458,000 Plus: warrants to purchase an additional 1,831,000 shares	Focus is a Canadian-listed exploration company developing the Bayovar 12 sedimentary phosphate resource in northern Peru.

Medgold Resources Corp. ("Medgold") 8,040,000 shares – approximately 12.3% of issued. Current market value: $1,648,000 Plus: warrants to purchase an additional 2,000,000 shares	Medgold is a European-focused TSXV listed gold exploration and development company, focussing on the orogenic gold provinces of northwest Iberia and the under-explored provinces of southern Europe.
Rackla Metals Inc. ("Rackla") 2,973,275 shares – approximately 19.7% of issued. Current market value: $416,000 Plus: warrants to purchase an additional 1,000,000 shares	Rackla is a mineral exploration company actively looking for new projects in the Americas to add to its portfolio of mineral claims in the Yukon Territory.
Southern Silver 1,500,000 shares – approximately 1.9% of issued. Current market value: $735,000	Southern Silver is engaged in the acquisition, exploration and development of high-grade precious / base metals properties within North America, and is continuing to advance its flagship Cerro Las Minitas silver-lead-zinc property in Mexico.

<u>Royalty Interests</u>

Guatemala – Tambor Project Royalty

In 2012, the Company sold its interest in its subsidiary, Exploraciones Mineras de Guatemala S.A., which holds the Tambor gold project in Guatemala, to Kappes, Cassiday & Associates ("KCA"), giving KCA a 100% interest in the project. In part consideration therefor, KCA agreed that upon commercial production at Tambor, KCA would commence making royalty payments to the Company.

Commercial production commenced in December 2014 and royalty payments are now due to the Company based on the price of gold at the time and the number of ounces of gold produced as follows:

Gold Price (US$)	Per Ounce of Gold
Below $1,200	$100
$1,201 - $1,300	$125
$1,301 - $1,400	$150
$1,401 - $1,500	$200
$1,501 and greater	$250

up to a maximum of US$10.0 million. After the US$10.0 million has been paid and cumulative gold production from the Tambor Project has exceeded 100,000 ounces, the cash payments will be based on the then price of gold and the number of ounces of gold produced as follows:

Gold Price (US$)	Per Ounce of Gold
Below $1,500	$25
$1,501 - $1,750	$35
$1,751 - $2,000	$40
$2,001 and greater	$50

Receipt of royalty payments by the Company commenced during the third quarter of 2015. To date, the Company has recognized net royalty income of $1,455,622 of which $793,497 has been received to date.

On May 11, 2016, the project owner informed the Company that mining operations were suspended by the Supreme Court of Guatemala due to a lack of consultation by the Guatemalan Ministry of Mines with local indigenous people when the mine was permitted in 2011. To date, the Supreme Court has still not made a decision on when the mine may re-open.

Peru – Bayovar 12 Project Royalty

In April 2015, the Company purchased from Focus a production royalty, equivalent to a 2% net smelter return, on Focus's 70% interest in future phosphate production from the Bayovar 12 project located in the Sechura district of northern Peru. The purchase price for the royalty was US$1.0 million. Focus had the right until April 15, 2016 to buy back one-half of the royalty for US$1.0 million, but did not elect to make such purchase. Should the Company decide at any time in the future to sell the royalty, Focus will retain a first right of refusal. The Company and Focus are related parties.

Nicaragua – San Jose Royalty

In 2013, an agreement was reached whereby the Company would sell to B2Gold its 40% interest in the San Jose and La Magnolia properties in consideration of a 2% NSR royalty on each property, and B2Gold would have the right to purchase one-half of each royalty for US$1.0 million. The Company and B2Gold have since decided to relinquish the La Magnolia concession. Formal agreements were signed by the companies in October 2014, and the closing of the San Jose sale, and the royalty grant to the Company, took place on June 30, 2015.

Property Interests

USA - Nevada – Spring Peak Property

In May 2016, the Company acquired an option to earn a 100% interest in the Spring Peak gold property in Mineral County, Nevada, from Kinetic Gold (US) Inc. ("Kinetic"). The Spring Peak Property consists of 37 contiguous United States Federal Mineral Claims comprising 309 hectares located approximately 37 kilometres southwest of the town of Hawthorne, Nevada.

The Property is situated in the historic Aurora-Borealis-Bodie mining district which lies within the Walker Lane gold trend of western Nevada. The gold deposits in the Aurora-Borealis-Bodie district occur as both high grade vein-hosted low sulphidation deposits (Aurora, Bodie), and as high-sulphidation alunite-kaolinite gold-deposits (Borealis). Total historical precious metal production along this trend, from the mid-19th century to the mid-1990s, has been estimated at 4.0 million ounces Au, and 11.2 million ounces Ag (MDA, 2002).

The Spring Peak Property is approximately 6 kilometres southeast of the historical open pit mines at Aurora. At Spring Peak, a sinter terrace is exposed overlying altered volcaniclastic deposits and basement Cretaceous granites (USGS, 2012). The sinter system contains anomalous concentrations of Au, Ag, Hg, Sb, and As. Recent ash fall deposits cover much of the area, but frequent vein float with multi-ppm gold concentrations can be found across the Property. The area was drilled with shallow holes in the 1980s, the majority of which were vertical. The sinter terrace and potential structures beneath it were never adequately drill tested. The Company believes the Property has the potential to host subvertical high grade veins as feeders to the sinter terraces.

The Company plans to conduct a CSAMT geophysical survey over the Spring Peak Property to test the hypothesis that subvertical high grade vein deposits may exist in 'feeder' structures below the sinter terraces.

Option Terms: The Company can earn a 100% interest in the Spring Peak Property by making cash payments to Kinetic totaling US$445,000 over the first five years after the issuance of a drill permit, and then US$250,000 in each subsequent year until the option is exercised or terminated, plus exploration expenditures totaling US$725,000 over a period of three years from the drill permit issuance.

At any time while the option is in good standing, the Company may elect to deliver to Kinetic a technical report, complying with NI 43-101 standards, which documents a minimum 500,000 ounce gold equivalent inferred resource on the Spring Peak Property, and upon said delivery, the Company will have the right for one year thereafter to purchase from Kinetic an outright 100% interest in the Property for the sum of US$500,000.

If the Company completes the purchase of the Spring Peak Property, a combined 3.0% net smelter returns royalty will be granted to Kinetic and the underlying property owner. Up to one-half of the royalty may be purchased for up to US$1.5 million.

Mexico - Tlacolula Property

The Company discovered silver mineralization in 2005 following a regional stream geochemical survey in various areas of the state of Oaxaca. An initial trenching program on the Tlacolula property defined a broad low grade silver/gold anomaly associated with opaline silica, indicating a high level system. In late 2009, the Company optioned the Tlacolula silver project to Fortuna Silver Mines Inc. (TSX-FVI) ("Fortuna") and the option agreement was amended in December 2012 and in November 2014. The 12,642 hectare property is located 14 kilometres east-southeast of the city of Oaxaca and 30 kilometres northeast of Fortuna's 100%-owned San Jose silver-gold mine.

Pursuant to the option agreement as amended, Fortuna has the right until January 2017 to earn a 60% interest in the Tlacolula project by spending US$2.0 million on exploration, which includes a commitment to drill 1,500 metres within 12 months of issuance of a drill permit for the project. To date, the Company has received US$200,000 in cash and 34,589 shares of Fortuna., and to complete the option payments, Fortuna must pay to the Company US$100,000 in cash and US$100,000 worth of shares in Fortuna within 90 days of completion of the 1,500 metre drill program. Fortuna has not yet received a drill permit. The Company and Fortuna are related parties.

Guatemala - Southeast Guatemala Ag-Au Epithermal Fields

As a result of continued uncertainty surrounding the granting of both exploration and exploitation concessions in Guatemala, and a general increase in the level of anti-mining activism in many parts of the country, the Company ceased its ongoing exploration activities in the country in the third quarter of 2013 though care and maintenance of the properties continue. Management will reassess the Company's plans for this country on a regular basis and exploration activities may be ramped back up if the mining investment climate improves.

Outlook

The Company continues to conduct its property investigations in various jurisdictions and with various commodities but with a focus on gold and silver in Nevada and Mexico. The Company's geologists are using a low cost and effective method of field testing targets that are generated through desktop research and through submittals.

Qualified Person: David Clark, M.Sc., P.Geo., a member of the Association of Professional Engineers and Geoscientists of British Columbia, is the Company's Qualified Person as defined by National Instrument 43-101, and has approved the disclosure of the technical information in this Interim MD&A.

Quarterly Information

The following table provides information for the eight fiscal quarters ended June 30, 2016:

Quarter ended	June 30, 2016 ($)	Mar. 31, 2016 ($)	Dec. 31, 2015 ($)	Sep. 30, 2015 ($)	June 30, 2015 ($)	Mar. 31, 2015 ($)	Dec. 31, 2014 ($)	Sep. 30, 2014 ($)
Royalty revenue, net	135,303	221,407	343,350	267,729	487,833	-	-	-
Investment and other income	2,930	685	18	34	412	16,829	16,115	11,227
Exploration expenditures	107,590	118,473	129,728	85,723	189,627	146,892	524,667	519,535
Net income (loss)	2,320,061	(95,060)	(842,842)	(1,287,262)	58,318	196,337	(1,005,167)	(1,000,792)
Basic and diluted income (loss) per share	0.03	(0.00)	(0.01)	(0.02)	0.00	0.00	(0.01)	(0.01)

The Company started to record royalty revenue from production at the Tambor Project during the quarter ended June 30, 2015 and continued to do so up to the most recent quarter. The most recent quarter recorded a net income due to a gain on sale of available-for-sale investments of $1,818,398 and a gain of $598,772 on the reclassification of an investment. The net losses for the quarters ended December 31, 2015, September 30, 2015, December 31, 2014, and September 30, 2014 were all impacted by impairment charges against available-for-sale investments with the most significant being $1,243,199 in the quarter ended September 30, 2015. The quarter ended March 31, 2015 recorded a net income due to a recovery of a previously written off receivable of $423,055 related to the Tambor Project, and a gain of $180,000 resulting from the receipt of Southern Silver shares as partial settlement of a loan.

Results of Operations

Quarter ended June 30, 2016

The quarter ended June 30, 2016 had a net income of $2,320,061 compared to $58,318 for the quarter ended June 30, 2015, an increase of $2,261,743. The current quarter net income is primarily due to a gain on the sale of available-for-sale investments of $1,818,398 resulting from the disposition of a significant amount of B2Gold and Southern Silver shares and a gain of $598,772 on the reclassification of an investment in associate to an available-for-sale investment. The current quarter also included net royalty income of $135,303 relating to the Tambor Project which was less than the $487,833 recorded in the comparative quarter because of the suspension of Tambor operations that took effect part way through the recent quarter. Exploration expenditures in the current quarter totaled $107,590 compared to $194,966 in the comparative quarter, a decrease of $87,376. Exploration expenditures include property investigation costs which relate to evaluating new opportunities.

General and administrative expenses for the quarter ended June 30, 2016 were $130,463 compared to $236,377 for the comparative quarter, a decrease of $105,914. Notable cost decreases in the current quarter were in legal and audit fees, salaries and benefits, transfer agent and regulatory fees, and shareholder communications. These costs were higher in the comparative quarter due to additional activities in preparation of the change of business of the Company that took effect in April 2015. Management fees are also lower during the current quarter as the compensation for the Chief Executive Officer has been allocated between management and geological services.

Six month period ended June 30, 2016

The six month period ended June 30, 2016 had a net income of $2,225,001 compared to $254,655 for the six month period ended June 30, 2015, an increase of $1,970,346. As with the quarterly comparison, the current period net income is significantly higher due to a gain on sale of available-for-sale investments of $1,990,726 and the gain of $598,772 on the reclassification of an investment. Royalty income during the current period totaled $356,710 compared to $487,833 in the comparative period, a decrease of $131,123. The comparative period recorded a $423,055 recovery of a previously written off receivable relating to the Tambor Project and an $180,000 gain on a loan conversion whereas there were no such items recorded in the current period. The current period recorded a share of post-tax losses of Medgold, which was an associated company for a portion of the current period, of $44,000 compared to $87,000 in the comparative period. Both periods also included an impairment charge on available-for-sale investments, with the amount for the current period being $141,920 and the comparative period $28,264. Exploration expenditures in the current period totalled $226,063 compared to $341,858 in the comparative period.

General and administrative expenses for the six month period ended June 30, 2016 were $250,954 compared to $464,635 for the six month period ended June 30, 2015, a decrease of $213,681. All general and administrative expenses in the current period were lower than those in the comparative period. Similar to the quarterly comparison, the most notable cost decreases were in legal and audit fees and salary charges which were higher in the comparative quarter due to the change of business and in management fees which are now allocated between management and geological services.

Mineral Properties Expenditures

A summary of the Company's expenditures on its mineral properties during the period ended June 30, 2016 is as follows:

Mexico - A total of $68,912 was incurred on exploration, property investigation, and miscellaneous administrative costs.

United States – A total of $51,577 was incurred on property investigation and exploration related costs.

Guatemala – A total of $38,535 was incurred on property investigation and care and maintenance related costs.

Other – A total of $67,039 was incurred on property investigation and care and maintenance related costs in regions other than USA, Mexico and Guatemala.

Further details regarding exploration expenditures for the periods ended June 30, 2016 and 2015 are provided in the schedules at the end of this Interim MD&A.

Liquidity and Capital Resources

The Company's cash and cash equivalents increased from $151,861 at December 31, 2015 to $5.23 million at June 30, 2016. As at June 30, 2016, working capital was $9.44 million compared to $5.15 million at December 31, 2015. Included in working capital is the value of the Company's investments in B2Gold, Focus, Southern Silver, and Medgold common shares which as at June 30, 2016, had a combined value of $3.43 million compared to $4.25 million as at December 31, 2015. The decrease in total available-for-sale investment value during the current period is due to the disposition of a significant amount of B2Gold and Southern Silver shares.

During the period ended June 30, 2016, the Company sold 2,290,000 B2Gold shares for net proceeds of $4.69 million and sold 4,306,500 Southern Silver shares for net proceeds of $718,819. Subsequent to June 30, 2016, the Company sold its remaining 300,000 B2Gold shares for net proceeds of approximately $1.03 million and sold another 193,500 Southern Silver shares for net proceeds of approximately $95,000, leaving a current balance of 1,500,000 Southern Silver shares held.

The Company currently holds as part of its available-for-sale investments 5,088,406 common shares of Focus Ventures Ltd. ("Focus"), of which 710,000 shares were acquired on the open market and 770,000 shares by way of private placement during the period ended June 30, 2016, at a cost of $65,159 and $50,050, respectively. Subsequent to June 30, 2016, the Company acquired an additional 770,000 Focus shares upon the exercise of 770,000 share purchase warrants at a cost of $57,750.

The Company's available-for-sale investments include 8,040,000 common shares in Medgold with a fair value as at June 30, 2016 of $1,286,400. The Company's investment in Medgold was previously accounted for as an investment in associate but was reclassified as an available-for-sale investment during the period ended June 30, 2016.

The Company also holds 2,973,275 common shares in Rackla with a fair value as at June 30, 2016 of $401,392. The investment in Rackla is being accounted for as an investment in associate, using the equity method, since the Company may be able to exercise significant influence on the investment.

The Company also currently holds 2,000,000 Medgold and 1,000,000 Rackla warrants and although these are transferable, they are not traded on an exchange.

Since 2012, the Company has relied mostly on selling B2Gold shares to provide working capital for operations. In 2015, the Company also started to accrue royalty revenue from production at the previously held Tambor Project. Net royalty revenue totaling $1,098,912 was recorded for the 2015 fiscal year and a further $356,710 accrued for the period ended June 30, 2016. To date, the Company has received $793,497 with the balance being recorded as a receivable. Royalty revenue beyond the period ended June 30, 2016 is uncertain due to the current suspension of operations at Tambor. The Company intends to use the proceeds from sales of its equity investments and any royalty income payments it may receive to fund its exploration programs, investment opportunities, and general working capital requirements.

The Company expects its current capital resources to be sufficient to carry out its exploration and investment plans and operating costs for the next twelve months.

Commitment

The Company has entered into operating lease agreements for its office premises. The Company also shares space with other companies related by common directors and officers on a month to month basis, and the amounts such companies contribute to the lease costs are netted against the Company's lease expense. There are, however, no commitments from these companies and thus the amounts presented below are the Company's gross commitments. Expected lease payments due by period as at June 30, 2016 are as follows:

Less than 1 year	$	141,359
1 – 3 years		381,216
4 – 5 years		142,956
After 5 years		-
Total	**$**	**665,531**

Related Party Transactions

During the period ended June 30, 2016, the Company acquired 1,480,000 common shares of Focus, a publicly listed company with two common directors, at a total cost of $115,209, of which 770,000 shares were acquired by way of private placement and 710,000 shares in the market.

Subsequent to June 30, 2016, the Company acquired an additional 770,000 common shares of Focus at a cost of $57,750 by exercising 770,000 share purchase warrants.

See Note 13 of the condensed interim consolidated financial statements for the six months ended June 30, 2016 for details of related party transactions which occurred in the normal course of business.

Other Data

Additional information related to the Company is available for viewing at www.sedar.com.

Share Position and Outstanding Options

As at August 25, 2016, the Company's outstanding share position is 86,675,617 common shares and the following incentive stock options are outstanding:

STOCK OPTIONS

Number of options	Exercise price	Expiry date
1,570,000	$0.29	January 7, 2020
100,000	$0.36	May 25, 2020
820,000	$0.69	September 23, 2020
150,000	$0.81	July 26, 2021
2,135,000	$0.20	December 12, 2022
4,775,000		

Investments in Associates

The Company currently has an investment in one associated company, Rackla, which is equity accounted for in the condensed interim consolidated financial statements.

Medgold previously met the definition of an associate and was equity accounted for in prior consolidated financial statements. During the period ended June 30, 2016, Medgold no longer met the definition of an associate and therefore the Company's investment in Medgold was reclassified as an available-for-sale investment. Upon discontinuing the use of the equity method, an investment that is a financial asset is to be measured at fair value and the difference between the fair value and the carrying value of the investment recognized in profit or loss. The fair value of the investment in Medgold as at the time of reclassification was $924,600 and its carrying cost was $325,828. As a result, a gain of $598,772 was recognized in the condensed interim consolidated statement of operations for the period ended June 30, 2016.

During the period ended June 30, 2016, there were no significant transactions between the Company and its investees other than the Company recording $44,000 for its share of Medgold's losses during the period from January 1, 2016 to the time of de-recognition as an investment in associate. See Note 9 of the condensed interim consolidated financial statements for the six months ended June 30, 2016 for details regarding the Company's investment in associates.

Risks and Uncertainties

Royalty revenue

The Company cannot predict future revenues from or operating results of mining activity. Management expects future royalty revenues from the Tambor Project to fluctuate depending on the level of future production and the price of gold. The owner of the Tambor Project is not obligated to continue production from the Tambor Project and the Company will not be entitled to any compensation if this mining operation does not meet its forecasted gold production targets or if the mine operations are discontinued on a temporary or permanent basis. Risks that could negatively affect a mine's operations include, but are not limited to economics, lack of financial capital, floods, fire, mechanical malfunctions, social unrest, expropriation, environmental regulations, and legal and/or political changes. The Tambor Project is currently subject to a suspension of operations imposed by the Supreme Court of Guatemala.

Competition

The Company faces competition from other capital providers, all of which compete with it for investment opportunities. These competitors may limit the Company's opportunities to acquire interests in investments that are attractive to the Company. The Company may be required to invest otherwise than in accordance with its Investment Policy and strategy in order to meet its investment objectives. If the Company is required to invest other than in accordance with its Investment Policy and strategy, its ability to achieve its desired rates of return on its investments may be adversely affected.

Inability to dispose of illiquid securities

There is a possibility that the Company will be unable to dispose of illiquid securities held in its portfolio and if the Company is unable to dispose of some or all of its investments at the appropriate time, a return on such investment may not be realized.

Due diligence

The due diligence process undertaken by the Company in connection with investments that it makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Mineral property exploration and mining

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

If the Company does not satisfactorily complete its contribution requirements to any joint ventures it may be a party to, the Company's interest in a joint venture can be diluted to a point where all interest in the joint venture is forfeited.

Joint venture funding

The Company's strategy includes seeking partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity price

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties to a third party. The Company's royalty revenue is derived from a royalty interest that is based on the extraction and sale of gold. Factors beyond the control of the Company may affect the marketability of gold discovered. Gold prices have historically fluctuated widely. Consequently, the economic viability of the Company's royalty interest cannot be accurately predicted and may be adversely affected by fluctuations in gold prices.

Financing and share price fluctuation

The Company has a limited source of operating cash flow which depends on royalty revenue from a property that is subject to suspension of operations and has no assurance that additional funding will be available to it when needed for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues or the value of the Company's available-for-sale investments and corresponding effect on the Company's financial position.

Political, regulatory and currency

The Company's mineral property interests are located in emerging nations. Properties in emerging nations may be subject to a higher level of risk compared to developed countries. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in emerging nations can be affected by changing economic, regulatory and political situations. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its exploration and care and maintenance expenditures in US dollars, Guatemalan quetzals, and Mexican pesos. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against the US dollar, Guatemalan quetzal, or Mexican peso could have an adverse impact on the amount of exploration conducted.

Insurance

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons.

Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Environmental and social

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are fairly significant in some of the Company's areas of operations. Violence, kidnapping, theft and other criminal activities could disrupt supply chains and discourage qualified individuals from being involved with the Company's operations.

Mineral Properties Expenditure Detail (see following pages)

Mineral Properties Expenditure Detail

INTERIM CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES
For the period ended June 30, 2016

	USA		Guatemala		Mexico	Other	
	General Exploration	Mineral Concessions	General Exploration	Mineral Concessions	General Exploration	General Exploration	**Total**
Exploration administration	$ 1,526	$ -	$ 12,572	$ 4,354	$ 905	$ 5,035	$ 24,392
Geochemistry	2,344	-	-	-	11,385	-	13,729
Geological services	39,804	1,050	16,863	-	40,080	61,652	159,449
Legal and accounting	-	-	1,018	-	3,912	352	5,282
Licenses, rights and taxes	-	-	526	848	-	-	1,374
Travel and accommodation	6,853	-	2,354	-	12,630	-	21,837
	$ 50,527	**$ 1,050**	**$ 33,333**	**$ 5,202**	**$ 68,912**	**$ 67,039**	**$ 226,063**

INTERIM CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES
For the period ended June 30, 2015

	USA		Guatemala		Mexico	Other	
	General Exploration	Mineral Concessions	General Exploration	Mineral Concessions	General Exploration	General Exploration	**Total**
Camp, food and supplies	$ -	$ 3,144	$ -	$ -	$ 730	$ -	$ 3,874
Environment	-	7,835	-	798	-	-	8,633
Exploration administration	198	-	10,410	4,034	2,938	866	18,446
Geochemistry	823	-	772	-	12,558	-	14,153
Geological consulting	525	-	14,192	-	100,743	24,996	140,456
Legal and accounting	-	-	2,445	-	3,850	318	6,613
Licenses, rights and taxes	-	12,676	-	-	-	-	12,676
Public relations	-	-	-	3,343	-	-	3,343
Salaries and wages	8,580	3,303	21,795	-	36,493	3,029	73,200
Travel and accommodation	513	1,224	2,125	-	56,602	-	60,464
	$ 10,639	**$ 28,182**	**$ 51,739**	**$ 8,175**	**$ 213,914**	**$ 29,209**	**$ 341,858**