TREK MINING INC.

Condensed Consolidated Interim Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

Unaudited – prepared by Management

For the three and nine months ended September 30, 2017 and 2016

TREK MINING INC.

Condensed Consolidated Statements of Financial Position

(Unaudited, expressed in thousands of United States dollars)

	Note	September 30, 2017	December 31, 2016
Assets			
Current assets:			
Cash and cash equivalents		$ 56,427	$ 40,631
Accounts receivable, prepaid expenses and deposits	4	7,210	3,394
Available-for-sale investments		4,644	797
Inventory	5	3,275	1,193
		71,556	46,015
Goodwill		22,581	22,581
Exploration and evaluation assets		15,362	15,362
Mineral property, plant and equipment		155,679	5,848
Other assets	6	16,075	121
		209,697	43,912
		$ 281,253	$ 89,927
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		$ 5,913	$ 843
Current portion of unearned revenue	9	600	600
Current portion of convertible debenture	10	13,557	-
		20,070	1,443
Convertible debenture	10	15,267	-
Unearned revenue	9	3,357	3,490
Reclamation obligation		4,870	326
Derivative liabilities	11	24,997	17,275
Deferred tax liability	3	5,839	-
Other long-term liabilities	18	1,971	-
		56,301	21,091
Total liabilities		76,371	22,534
Equity:			
Share capital	12	208,635	81,560
Reserves		8,321	6,234
Deficit		(12,676)	(21,557)
Equity attributable to Trek Mining shareholders		204,280	66,237
Non-controlling interest	7	602	1,156
Total equity		204,882	67,393
		$ 281,253	$ 89,927

Commitments and contingencies (notes 9 and 18)
Subsequent events (notes 12(d) and 19)

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

TREK MINING INC.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(Unaudited, expressed in thousands of United States dollars, except per share amounts)

	Note	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Revenue		$ 4,030	$ -	$ 9,808	$ -
Cost of sales	13	(4,896)	-	(11,642)	-
		(866)	-	(1,834)	-
Expenses:					
Mine care and maintenance		(3,006)	-	(6,123)	-
Exploration		(1,900)	(226)	(4,854)	(803)
Corporate administration		(2,698)	(205)	(5,992)	(486)
Loss from operations		(8,470)	(431)	(18,803)	(1,289)
Other income (expense):					
Finance expense		(1,137)	(5)	(3,084)	(49)
Finance income		336	-	643	-
Other income (expense)	15	3,706	(259)	29,769	(1,156)
Net income (loss) for the period		(5,565)	(695)	8,525	(2,494)
Change in fair value of available-for-sale investments, net of tax		150	6	830	389
Realized gain on available-for-sale investments reclassified to net income (loss)		(406)	(102)	(735)	(102)
		(256)	(96)	95	287
Comprehensive income (loss)		$ (5,821)	$ (791)	$ 8,620	$ (2,207)
Net income (loss) attributable to:					
Trek Mining shareholders		$ (5,363)	$ (695)	$ 8,967	$ (2,494)
Non-controlling interest	7	(202)	-	(442)	-
		(5,565)	(695)	8,525	(2,494)
Comprehensive income (loss) attributable to:					
Trek Mining shareholders		(5,619)	(791)	9,062	(2,207)
Non-controlling interest	7	(202)	-	(442)	-
		$ (5,821)	$ (791)	$ 8,620	$ (2,207)
Income (loss) per share attributable to Trek Mining shareholders	14				
Basic		$ (0.03)	$ (0.01)	$ 0.06	$ (0.18)
Diluted		(0.03)	(0.01)	0.00	(0.18)

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

TREK MINING INC.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited, expressed in thousands of United States dollars)

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Cash provided by (used in):				
Operations:				
Net income (loss) for the period	$ (5,565)	$ (694)	$ 8,525	$ (2,494)
Adjustments for:				
Amortization	212	1	525	1
Share based payments	165	66	446	119
Impairment of inventory	462	-	1,134	-
Recognition of unearned revenue	(54)	-	(133)	-
Change in fair value of derivative liabilities	(1,965)	402	(27,650)	1,305
Gain on sale of available-for-sale investments	(406)	(102)	(735)	(102)
Unrealized foreign exchange gain	(1,308)	(15)	(626)	(29)
Finance expense	1,137	5	3,084	49
Finance fees paid	-	-	(604)	-
Other	110	(7)	112	(10)
Changes in non-cash working capital:				
Accounts receivable, prepaid expenses and deposits	(777)	4	(2,743)	5
Inventory	(1,315)	-	(2,851)	-
Accounts payable and accrued liabilities	776	46	490	(57)
	(8,528)	(294)	(21,026)	(1,213)
Investing:				
Purchases of plant and equipment	(5,596)	-	(6,972)	(1)
Proceeds from sale of assets	5	-	27	-
Purchase of marketable securities	-	-	(645)	-
Proceeds from sale of available-for-sale investments	1,050	207	1,644	207
Cash acquired on acquisition of Luna Gold Corp., net of advances	-	-	1,687	-
Acquisition of EMC Green Group, net of cash acquired (note 7)	(182)	-	(182)	-
Advance to Anthem United Inc.	-	(762)	-	(762)
	(4,723)	(555)	(4,441)	(556)
Financing:				
Proceeds from equity financing, net of issuance costs	4	-	61,440	1,785
Advance proceeds from private placement, net of transaction costs	-	34,354	-	34,354
Repayment of long-term debt	-	-	(20,827)	-
	4	34,354	40,613	36,139
Effect of foreign exchange on cash and cash equivalents	977	13	650	29
(Decrease) increase in cash and cash equivalents	(12,270)	33,518	15,796	34,399
Cash and cash equivalents, beginning of period	68,697	1,855	40,631	974
Cash and cash equivalents, end of period	$ 56,427	$ 35,373	$ 56,427	$ 35,373
Non-cash investing and financing activities:				
Shares, options, warrants and RSU's issued on acquisition of Luna Gold Corp. (note 3)	-	-	76,817	-
Shares and warrants issued to settle debt (note 10)	-	-	25,516	-
Capital expenditures unpaid at period end	1,505	-	1,505	-

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

TREK MINING INC.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited, expressed in thousands of United States dollars, except share amounts)

	Share Capital		Investment revaluation reserves	Foreign currency translation	Other reserves	Non-controlling interest	Deficit	Total
	Shares	Amount						
December 31, 2016	67,482,953	$ 81,560	$ 492	$ (752)	$ 6,494	$ 1,156	$ (21,557)	$ 67,393
Shares issued on acquisition of Luna Gold Corp. (note 3)	48,446,123	56,364	-	-	1,569	-	-	57,933
Shares issued in financings (note 12)	41,709,586	48,526	-	-	-	-	-	48,526
Shares issued to settle debt (note 10(b))	19,459,538	22,639	-	-	-	-	-	22,639
Shares issued on exercise of warrants, stock options and RSUs	852,812	1,027	-	-	(243)	-	-	784
Share issue costs	-	(1,481)	-	-	-	-	-	(1,481)
Share-based compensation	-	-	-	-	666	-	-	666
Change in fair value of available-for-sale investments	-	-	830	-	-	-	-	830
Realized gain on available-for-sale investments reclassified to net income (loss)	-	-	(735)	-	-	-	-	(735)
Interest in Koricancha Mill Joint Venture (note 7)	-	-	-	-	-	(112)	(86)	(198)
Net income (loss)	-	-	-	-	-	(442)	8,967	8,525
Balance September 30, 2017	177,951,012	$ 208,635	$ 587	$ (752)	$ 8,486	$ 602	$ (12,676)	$ 204,882
Balance December 31, 2015	11,107,207	$ 15,327	$ (7)	$ (752)	$ 6,263	$ -	$ (19,153)	$ 1,678
Shares issued in private placement	4,461,922	736	-	-	(760)	-	-	(24)
Change in fair value of available-for-sale investments	-	-	389	-	-	-	-	389
Realized gain on available-for-sale investments reclassified to net income (loss)	-	-	(102)	-	-	-	-	(102)
Advance subscriptions received	-	-	-	-	34,385	-	-	34,385
Share based compensation	-	-	-	-	119	-	-	119
Net loss	-	-	-	-	-	-	(2,494)	(2,494)
Balance September 30, 2016	15,569,129	$ 16,063	$ 280	$ (752)	$ 40,007	$ -	$ (21,647)	$ 33,951

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

1. Nature of operations

Trek Mining Inc. (the “Company” or “Trek Mining”) was incorporated under the Business Corporations Act of British Columbia on March 23, 2007. The Company changed its name from Lowell Copper Ltd. to JDL Gold Corp. on October 6, 2016 and from JDL Gold Corp. to Trek Mining Inc. in conjunction with the transaction discussed in note 3 on March 31, 2017.

The Company is listed on the TSX Venture Exchange (“TSX-V”) under the ticker symbol “TREK”.

On March 31, 2017, the Company acquired Luna Gold Corp. (“Luna”) (note 3) which wholly owns the Aurizona gold mine (“Aurizona” or “Aurizona Project”) in northeastern Brazil. The results of operations of Luna are included in these financial statements from March 31, 2017 onward.

At September 30, 2017, the Company’s primary assets are Aurizona, its 83% interest in the Koricancha Mill Joint Venture (“Koricancha”) in Peru and its 100% owned Warintza copper-molybdenum exploration property in Ecuador. The past-producing Aurizona Project was placed on care and maintenance in 2015, pending a revised resource estimate and feasibility study. The Company is now actively advancing Aurizona Project redevelopment in the areas of project financing, reengineering, permit updating and mineral resource expansion for a planned mine restart in late 2018. Koricancha is a toll milling operation that produces and sells gold by processing gold-bearing material purchased from small scale miners in Peru.

The Company also holds a portfolio of earlier-stage mineral properties located in Ecuador, Chile, British Columbia, Canada and several brownfields exploration projects and other exploration projects in Brazil located in the Luna Greenfields district, all of which are near the Aurizona Project. The Company is in the process of exploring these mineral properties and has not yet determined whether they contain mineral reserves where extraction is both technically feasible and commercially viable. The recoverability of these assets depends on identifying and developing such mineral property interest into economically minable reserves and, ultimately, on the extraction and sale of the related minerals.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has a substantial cash balance and positive working capital that it believes is sufficient to fund the Company’s current operations and business objectives. However, the Company has incurred operating losses to date and has limited history of revenue from operations. The Company will require additional capital beyond the next 12 months to fund construction of new and expanded infrastructure at Aurizona and other activities to achieve a planned mine restart at Aurizona in late 2018. The Company’s ability to continue as a going concern in the longer term is dependent on successful execution of its business plan, obtaining new debt or equity financing for construction and ultimately generating net income and positive cash flow from mining and milling operations.

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, and do not include all of the information required for full annual financial statements prepared using International Financial Reporting Standards ("IFRS"). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements for the year ended December 31, 2016.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on November 7, 2017.

(b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

(c) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control is having power over the entity, rights to variable returns from its involvement with the entity, and the ability to use its power to affect the amount of returns. All intercompany transactions and balances are eliminated on consolidation. For partially owned subsidiaries, the interest attributable to non-controlling parties is reflected in non-controlling interest.

Newly acquired significant subsidiaries (see notes 3 and 7) of the Company include:

Company	Location	Ownership Interest
Luna Gold Corp.	Canada	100%
Aurizona Goldfields Corp.	Canada	100%
Luna Management Inc.	USA	100%
Mineração Aurizona S.A.	Brazil	100%
EMC Green Group S.A.	Peru	83%

(d) Functional currency and presentation currency

Except as otherwise noted, these financial statements are presented in United States dollars ("US dollars"), the functional currency of the Company and its subsidiaries.

(e) Use of estimates and judgments

In preparing these interim financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amounts incurred may differ from these values.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the Company's most recent annual consolidated financial statements except for the following:

- Determination that the acquisition of Luna is a business combination and Trek Mining is the acquirer for accounting purposes; and
- Determination of the preliminary fair values of the assets and liabilities acquired.

2. Basis of preparation (continued)

(f) Accounting standards adopted during the year

On January 7, 2016, the IASB issued amendments to IAS 7 *Statement of Cash Flows*. The amendments apply prospectively for annual periods beginning on or after January 1, 2017, with early adoption permitted. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash and non-cash changes. The Company adopted these amendments in its financial statements for the period beginning January 1, 2017, with no material impact on the financial statements.

On December 19, 2016, the IASB issued amendments to IAS 12 *Income Taxes*. The amendments apply retrospectively for annual periods beginning on or after January 1, 2017, with early adoption permitted. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax basis at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine future income tax profits used for assessing the utilization of deductible temporary differences. The Company adopted these amendments in its financial statements for the period beginning January 1, 2017, with no material impact on the financial statements.

(g) New standards and interpretations not yet adopted

On July 24, 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 introduces new requirements for recognition and measurement of financial assets and liabilities, a forward-looking “expected credit loss” impairment model and significant changes to general hedge accounting. The Company plans to adopt IFRS 9 in its financial statements on January 1, 2018 and is conducting preliminary assessments on the impact of this change on its consolidated financial statements. The Company does not anticipate the implementation of the new standard will have a material impact on the measurement of the Company’s financial instruments.

On May 28, 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time, when control of the goods or services transferred to the customer; or over time, in a manner that best reflect the entity’s performance. The model features a contract-based five-step analysis and introduces new estimates and judgmental thresholds which may affect the amount and/or timing of revenue recognized. The Company plans to adopt IFRS 15 in its financial statements on January 1, 2018 and is conducting preliminary assessments on the impact of this change on its consolidated financial statements. The Company does not anticipate the implementation of the new standard will have a material impact on the measurement of the Company’s revenue.

On January 13, 2016, the IASB issued IFRS 16 *Leases*. The standard is effective for annual periods beginning on or after January 1, 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 *Revenue from Contracts with Customers*. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

(Unaudited, expressed in thousands of United States dollars, except share and per share amounts)

3. Acquisition of Luna Gold Corp.

On March 31, 2017, the Company completed the acquisition of Luna (the "Transaction"). Luna is engaged in the exploration and redevelopment of its past-producing Aurizona gold mine in northeastern Brazil, which was placed on care and maintenance in late 2015. Luna also owns several brownfields exploration projects and other exploration projects located in the Luna Greenfields district, all of which are in close proximity to the Aurizona Project. The acquisition supports the Company's growth strategy and provides the Company with a flagship asset and enhanced production profile in Aurizona.

Under the terms of the agreement, the Company acquired all outstanding shares of Luna in exchange for 1.105 common shares of the Company. Holders of Luna options, warrants and restricted share units received equivalent Trek Mining options, warrants and restricted share units with the number of such securities issuable adjusted by the 1.105 exchange ratio.

By virtue of the Company issuing equity instruments and paying a premium to former Luna shareholders, the Company has been identified as the acquirer in the transaction and has accounted for the transaction as a business combination. Transaction costs of $0.4 million incurred relating to the acquisition were recognized in finance expense upon closing of the Transaction, including $0.2 million in share based compensation not attributable to the consideration. Total consideration paid is comprised of the following:

		Total
Share consideration [1]	$	56,364
Option consideration [2]		1,155
Warrant consideration [3]		18,884
RSU consideration [1]		414
Total consideration	$	76,817

(1) The fair value of 48,446,123 commons shares issued and 3,154,775 replacement restricted share units was based on the market price of the Company's shares on the acquisition date of Cdn $1.55 translated using the U.S. exchange rate of 0.7506. Of the total fair value attributable to the replacement restricted share units of $3.7 million, $0.4 million is attributable to the consideration and $3.3 million is attributable to post combination services and will be recognized over the remaining service period.

(2) The fair value of 1,738,501 replacement options was determined using the Black Scholes option pricing model with the following assumptions: expected volatility of 84%, dividend yield of 0%, expected life of 0.5 to 2.0 years, exercise price between Cdn $0.45 and Cdn $32.03, and a risk-free rate of 0.70%. Of the total fair value attributable to the replacement options of $1.4 million, $1.2 million is attributable to the consideration and $0.2 million is attributable to post combination service and will be recognized over the remaining service period.

(3) The fair value of 27,947,965 replacement warrants was determined using the Black Scholes option pricing model with the following assumptions: expected volatility between 76% and 85%, dividend yield of 0%, expected life of 1.5 to 3.25 years, exercise price between Cdn $0.91 and Cdn $2.26, and a risk-free rate between 0.67% and 0.84%.

The allocation of the purchase price has not been finalized as at the date these interim financial statements were issued as management is in the process of determining the fair values of identifiable assets acquired and liabilities assumed. The Company has not yet completed a valuation to determine amounts to be allocated to accounts receivable, inventory, property, plant and equipment, exploration and evaluation assets, convertible debenture and reclamation obligation or completed an assessment of the income tax balances. The purchase price was provisionally allocated as follows:

(Unaudited, expressed in thousands of United States dollars, except share and per share amounts)

3. Acquisition of Luna Gold Corp. (continued)

Net assets acquired		Total
Cash and cash equivalents	$	3,687
Accounts receivable, prepaid expenses and deposits(1)		13,653
Marketable securities(2)		4,016
Inventory		3,391
Mineral property, plant and equipment		141,837
Accounts payable and accrued liabilities		(5,125)
Long-term debt and convertible debenture(3)		(73,103)
Reclamation obligation		(4,331)
Deferred tax liability		(5,839)
Other liabilities and provisions		(1,369)
	$	76,817

(1) The fair value of accounts receivable acquired of $13.4 million represents gross contractual amounts receivable of $15.3 million net of amounts not expected to be collected of $1.9 million.

(2) The fair value of marketable securities is based on the market price of securities on the date of the transaction.

(3) The fair values of long-term debt settled in conjunction with the Transaction of $25.5 million for the Sandstorm facility (note 10(b)) and $20.8 million for Pacific Road debt (note 10(c)) were determined based on the consideration paid or issued. The fair value of the Sandstorm Debenture of $26.8 million (note 10(a)), which has a stated interest rate of 5%, was determined based on a discounted cash flow model using a 15% discount rate.

Consolidated revenue for the three and nine months ended September 30, 2017 includes revenues of Luna of $nil. Consolidated net income (loss) for the three and nine months ended September 30, 2017 includes net loss of Luna of $5.5 million and $13.0 million, respectively. Had the transaction occurred January 1, 2017, pro-forma consolidated revenue and net loss for the nine months ended September 30, 2017 would have been $9.8 million and $2.2 million, respectively.

4. Accounts receivable, prepaid expenses and deposits

		September 30, 2017		December 31, 2016
Value-added tax receivable	$	4,525	$	2,377
Income taxes receivable		531		-
Other receivables		1,741		805
Prepaid expenses and deposits		413		212
	$	7,210	$	3,394

The value-added tax receivable (“VAT”) represents primarily VAT paid in Peru for goods and services.

5. Inventory

		September 30, 2017		December 31, 2016
Supplies	$	510	$	86
Work-in-process		2,691		1,107
Finished goods		74		-
	$	3,275	$	1,193

As at September 30, 2017, work-in-process is recognized at its net realizable value. For the three and nine months ended September 30, 2017 the Company recognized inventory adjustments of $0.5 million and $1.2 million, respectively, in cost of sales.

(Unaudited, expressed in thousands of United States dollars, except share and per share amounts)

6. Other assets

		September 30, 2017		December 31, 2016
Value-added tax receivable (a)	$	11,618	$	-
Income taxes receivable (b)		848		-
Consumable stores inventory (c)		2,980		-
Reclamation bond		121		121
Other receivables and deposits		508		-
	$	16,075	$	121

(a) The Company has VAT receivable from the Brazilian federal government totaling $4.2 million (BRL 13.3 million) and from the Maranhão state government totaling $7.4 million (BRL 23.5 million). As an exporter, the Company's sales are not subject to VAT. The Company must therefore seek reimbursement from federal and state governments for VAT paid on purchases. The Company has experienced delays receiving payment and considers these amounts to be non-current assets due to uncertainty with the timing of collection.

The Company has commenced legal action against the federal government for its failure to reimburse the Company for federal VAT on a timely basis. The Company continues to work with the state government to certify its state VAT credits and allow the Company to sell all or a portion of these credits in the event the Company continues to experience delays with reimbursement.

(b) Income tax receivable represents refundable Brazilian federal income taxes. The Company has experienced delays with receipt of payment of the amount due and has classified amounts due as non-current assets due to uncertainty with the timing of collection.

(c) As Aurizona is on care and maintenance, consumable stores inventory has been classified as a long-term asset as at September 30, 2017, as the Company does not expect to use this inventory in the next year.

7. Koricancha Mill Joint Venture

In September 2017, the Company substantially completed a restructure of the Koricancha JV Agreement between Trek Mining and EMC Green Group ("EMC"), whereby Trek Mining, through its subsidiaries, became the majority shareholder of EMC and EMC became the primary interest holder in the Koricancha JV Agreement at 99.9% with the remaining interest held by Trek's wholly-owned subsidiary, Oro Proceso. On conclusion of the restructuring, Trek, through its subsidiaries, increased its ownership in Koricancha from 75% to 83% through the acquisition of EMC shares from an existing EMC shareholder for $0.2 million and the purchase of shares issued by EMC from treasury for $0.6 million. In addition, the 8% cost of goods sold royalty obligation of Koricancha to Trek was eliminated.

Total proceeds paid by the Company in respect of the restructure was $0.8 million, of which $0.5 million was allocated to the consideration for the Company's 83% interest in EMC and $0.3 million to the acquisition of the additional 8% interest in Koricancha. As the Company controlled Koricancha before and after the restructure, the difference between the consideration paid and the share of the net assets acquired of $0.1 million was recognized in deficit. The Acquisition of the Company's 83% interest in EMC was accounted for as an asset acquisition with the consideration paid allocated to the net assets of EMC, consisting primarily of land acquired.

(Unaudited, expressed in thousands of United States dollars, except share and per share amounts)

8. AngloGold Joint Venture agreement

Through the acquisition of Luna, the Company became party to an earn-in and joint venture agreement (the "JV Agreement") with AngloGold Ashanti Plc ("AGA") whereby AGA can earn a 70% interest in the mineral claims in the Luna Greenfields district, which surrounds the Company's Aurizona mine. Pursuant to the JV Agreement, AGA can earn a 70% interest in the Greenfields properties by spending $14 million on exploration expenditures over a four-year period until 2020, with a minimum $2 million commitment in the first year. Should AGA earn-in and decide to sell its interest in the joint venture, Trek Mining can purchase AGA's interest in any JORC compliant resources for $10 per ounce of gold. The JV Agreement also contains certain dilution provisions in the event that either party elects not to contribute its proportionate share of costs post earn-in. At September 30, 2017, AGA's cumulative expenditures on the Greenfields properties is $5.5 million.

9. Unearned revenue

The Company has a precious metals sales agreement to sell refined gold produced (the "Gold Sales Agreement"). In exchange for delivering 3.5% of the gold ounces that are milled and processed by Koricancha, the Company received upfront deposits in 2015 and 2016 totaling $5.0 million (the "Upfront Deposit") and the Company receives $100 per ounce of gold delivered pursuant to the Gold Sales Agreement. Once the gold ounces delivered pursuant to the agreement multiplied by the difference between the market price and $100 per ounce ("gold sales cash flow") exceeds $6.0 million, the percentage of gold ounces delivered will be reduced from 3.5% to 2.1%.

In the first quarter of 2017, the Gold Sales Agreement was amended such that gold sales cash flow requirements will be, at a minimum, $1.5 million in each of the calendar years 2018, 2019, and 2020, and $0.5 million in the calendar year 2021.

Reconciliation of the balance of unearned revenue:

		Nine months ended September 30, 2017		Year ended December 31, 2016
Balance, beginning of period	$	4,090	$	4,136
Recognized in revenue		(133)		(46)
Balance, end of period		3,957		4,090
Current portion		600		600
Long-term portion	$	3,357	$	3,490

10. Convertible debenture and loans and borrowings

		Nine months ended September 30, 2017
Balance, beginning of period	$	-
Debt acquired from acquisition of Luna (note 3)		73,103
Cash repayment of long term debt (c)		(20,827)
Shares and warrants issued to settle long term debt (b)		(25,516)
Accretion and accrued interest		2,064
Balance, end of period		28,824
Current portion		13,557
Long-term portion		15,267

10. Convertible debenture and loans and borrowings (continued)

(a) Sandstorm debenture

Through the acquisition of Luna, the Company assumed Luna's $30 million debenture with Sandstorm Gold Ltd. (the "Sandstorm Debenture"). The Sandstorm Debenture bears interest at a rate of 5% per annum and is repayable in three equal annual tranches of $10 million plus accrued interest beginning September 30, 2018. The Company has the right to repay the principal and interest owing on each repayment date with common shares of the Company. The number of common shares to be issued is determined based on the principal and interest to be repaid divided by the higher of Cdn $0.90 per share and the 20-day volume weighted average Cdn dollar trading price of the Company's common shares (the "Conversion Price") provided that Sandstorm owns less than 20% of the outstanding common shares of the Company after such share issuance (the "Sandstorm Ownership Limitation").

The Company can choose to postpone the payment of any instalment until a point when the issuance of shares would not exceed the Sandstorm Ownership Limitation. The Company also has the right to convert up to $5.0 million of the Sandstorm Debenture quarterly at the Conversion Price subject to the Sandstorm Ownership Limitation.

The Sandstorm Debenture, including accrued interest, was recognized at its estimated fair value of $26.8 million upon acquisition of Luna on March 31, 2017. At September 30, 2017, the carrying value of principal and accrued interest due is $28.8 million. Interest on the Sandstorm Debenture is recognized at the effective interest rate of 15% which amortizes the difference between the carrying value and the principal amount over the term to maturity.

(b) Sandstorm debt facility

Through the acquisition of Luna, the Company assumed Luna's $20 million debt facility with Sandstorm (the "Sandstorm Debt Facility"). The Sandstorm Debt Facility was recognized at $25.5 million upon acquisition of Luna based on the fair value of consideration transferred to settle the debt which consisted of 10,942,896 common shares of the Company and 8,516,642 Settlement Units. Each Settlement Unit consisted of one common share and one common share purchase warrant exercisable at Cdn $3.00 per warrant.

The fair value of consideration transferred in settlement of the debt was based on the market price of the common shares and the Settlement Units issued on March 31, 2017 of Cdn $1.55 and Cdn $2.00, respectively. The fair value of the Settlement Units was based on the subscription price of a private placement of units which occurred on March 31, 2017 with identical terms as the Settlement Units. As the warrants have a Canadian dollar exercise price and the functional currency of the Company is the US dollar, the warrants are treated as derivatives. $2.9 million of the total fair value of the Settlement Units was allocated to the warrants with the remainder allocated to the common shares. In aggregate, with the common shares issued on settlement, a total of $22.6 million was allocated to the common shares. The fair value of the warrants was determined based on the public trading price of these warrants on March 31, 2017 of Cdn $0.45 per warrant. The settlement resulted in no gain or loss.

(c) Pacific Road debt

Through the acquisition of Luna, the Company acquired Luna's Cdn $20 million senior secured note due June 30, 2020 and $5 million senior secured short term note due March 31, 2017 with Pacific Road Resources Fund. The notes were repaid in full on close of the Transaction for $20.8 million, including accrued interest of $0.8 million. The settlement resulted in no gain or loss.

(Unaudited, expressed in thousands of United States dollars, except share and per share amounts)

11. Derivative liabilities

As the exercise price of certain of the Company's share purchase warrants is fixed in Canadian dollars, and the functional currency of the Company is the US dollar, these warrants are considered a derivative as a variable amount of cash in the Company's functional currency will be received on exercise. Accordingly, these share purchase warrants are classified and accounted for as a derivative liability at fair value through profit or loss. The fair value of the warrants is determined using the Black Scholes option pricing model at the period-end date or the market price on the TSX-V for warrants that are trading.

	September 30, 2017	December 31, 2016
Balance, beginning of period	$ 17,275	$ -
Issuance of warrants in financings (note 12)	14,088	15,595
Issuance of warrants for settlement of debt (note 10(b))	2,877	-
Issuance of replacement warrants in Transaction (note 3)	18,884	2,710
Warrants exercised	(477)	-
Change in fair value (note 15)	(27,650)	(1,030)
Balance, end of period	$ 24,997	$ 17,275

The fair value for non-traded warrants as at September 30, 2017 was calculated with the following weighted average assumptions:

	Nine months ended September 30, 2017	Year ended December 31, 2016
Risk-free interest rate	1.2%	0.9%
Warrant expected life	2.9 years	2.9 years
Expected volatility	77.5%	99.3%
Expected dividend	0%	0%
Share price (Cdn)	$1.02	$1.82

The fair value of traded warrants was based on the market price of Cdn $0.20 per warrant on September 30, 2017.

The change in fair value of derivative liabilities is due to the traded value of 41,709,586 units decreasing from Cdn $0.45 to Cdn $0.20 per warrant from March 31, 2017 to September 30, 2017 and the change in the Black-Scholes Option Pricing Model fair values for the remainder of options.

(Unaudited, expressed in thousands of United States dollars, except share and per share amounts)

12. Share capital

The Company is authorized to issue an unlimited number of common shares with no par value. At September 30, 2017, 177,951,012 common shares were issued and outstanding.

On March 31, 2017, in conjunction with the Transaction, the Company closed a non-brokered private placement financing for 31,709,586 units at a price of Cdn $2.00 per unit for gross proceeds of $47.6 million (Cdn $63.4 million), and a bought deal financing of 10,000,000 units at a price of Cdn $2.00 per unit for gross proceeds of $15.0 million (Cdn $20.0 million). In aggregate, 41,709,586 units were issued for gross proceeds of $62.6 million (Cdn $83.4 million). Each unit is comprised of one common share and one common share purchase warrant, where each warrant entitles its holder to acquire one common share of the Company at an exercise price of Cdn $3.00 for a period of five years.

As the warrants have Canadian dollar exercise prices and the functional currency of the Company is the US dollar, the warrants are treated as derivatives. Accordingly, $14.1 million of the proceeds of $62.6 million was allocated to the warrants based on their fair value with the residual $48.5 million allocated to the common shares. The fair value of the warrants was calculated using the market price on the TSX-V.

Share issue costs of $1.9 million related to the private placement were allocated proportionately to expense ($0.4 million) and share capital ($1.5 million) based on the values assigned to the warrants and common shares, respectively.

(a) Share purchase options

The Company has an incentive stock option plan (the “Option Plan”) whereby the Company may grant stock options to eligible employees, officers, directors and consultants with the exercise price, expiry date, and vesting conditions determined by the Board of Directors. The maximum expiry date is five years from the grant date. All options are equity settled. The Option Plan provides for the issuance of up to 10% of the Company’s issued common shares as at the date of the grant.

A summary of the Company’s share purchase options is as follows:

	Number of shares issuable on exercise of options		Weighted average exercise price (Cdn)
Outstanding December 31, 2016	1,722,209	$	2.64
Issued on the acquisition of Luna (note 3)	1,738,501		1.37
Exercised	(11,050)		0.45
Expired/forfeited	(111,480)		3.30
Outstanding, September 30, 2017	3,338,180	$	1.96

(Unaudited, expressed in thousands of United States dollars, except share and per share amounts)

12. Share capital (continued)

At September 30, 2017, the Company had the following options issued and outstanding:

Options Outstanding			Options Exercisable	
Expiry date	Number	Exercise price (Cdn)	Number	Remaining contractual life (years)
November 9, 2017	3,869	$ 32.13	3,869	0.11
April 12, 2018	34,035	27.24	34,035	0.53
June 6, 2018	7,736	18.10	7,736	0.68
August 22, 2018	1,658	14.03	1,658	0.89
January 23, 2019	479,061	3.48	479,061	1.32
March 31, 2019	9,945	10.50	9,945	1.50
April 16, 2019	115,200	1.67	115,200	1.54
May 23, 2019	4,973	9.77	4,973	1.64
June 18, 2019	8,840	9.86	8,840	1.72
February 13, 2020	253,480	2.90	253,480	2.37
May 22, 2020	110,500	1.27	110,500	2.64
July 7, 2020	110,500	0.72	110,500	2.77
October 14, 2020	330,000	2.92	330,000	3.01
December 18, 2020	1,425,450	0.45	888,420	3.22
June 2, 2021	255,802	1.55	130,232	3.67
July 13, 2021	160,000	1.38	160,000	3.78
August 2, 2021	27,131	2.00	13,566	3.84
	3,338,180		2,662,015	

The weighted average exercise price of options exercisable at September 30, 2017, was Cdn $2.28.

(b) Share purchase warrants

At September 30, 2017, the Company had 113,999,894 (December 31, 2016 – 37,090,479) share purchase warrants outstanding. A continuity of the Company's share purchase warrants is as follows:

	Shares issuable on exercise of warrants	Weighted average exercise price (Cdn)
Outstanding, December 31, 2016	37,090,479	$ 2.93
Issued in the acquisition of Luna (note 3)	27,947,965	1.15
Issued in equity financings	41,709,586	3.00
Issued to settle Sandstorm Debt facility (note 10(b))	8,516,642	3.00
Exercised	(634,572)	0.83
Expired	(630,206)	1.67
Outstanding, September 30, 2017	113,999,894	$ 2.54

(Unaudited, expressed in thousands of United States dollars, except share and per share amounts)

12. Share capital (continued)

At September 30, 2017, the Company had the following share purchase warrants issued and outstanding:

Number of warrants	Exercise price (Cdn)	Expiry date
1,632,848	$ 4.64	July 9, 2018
757,185	2.92	April 16, 2019
489,402	4.17	June 26, 2020
7,505,457	1.13	June 30, 2020
16,575,000	0.90	June 30, 2020
189,648	4.17	July 6, 2020
122,979	2.92	December 16, 2020
36,999	2.92	January 15, 2021
124,999	2.92	February 28, 2021
2,230,950	1.29	March 24, 2021
3,867,508	2.26	August 29, 2021
80,466,919	3.00	October 6, 2021
113,999,894		

(c) Share-based compensation

The fair value of share-based compensation is determined using the Black Scholes option pricing model. Total compensation expense charged to income (loss) for the three and nine months ended September 30, 2017 was $0.2 million (2016 - $0.1 million) and $0.7 million (2016 - $0.1 million), respectively.

(d) Restricted share units

Under the terms of the Trek Mining Restricted Share Unit Plan (“RSU Plan”) the Board may, from time to time, grant to employees, officers and consultants, an irrevocable right to receive restricted share units (“RSUs”) in such numbers and for such terms as may be determined by the Board. RSUs granted under the RSU Plan are exercisable after the vesting conditions, as specified by the Board, are met and until the third calendar year after the year in which the RSUs have been granted. The RSUs are settled in common shares.

Through the acquisition of Luna, the Company issued 3,154,775 replacement RSUs to officers and employees of which 944,775 have a service condition and 2,210,000 have both a service and non-market based performance conditions which affect vesting. The performance based RSUs vest on each of the dates when financing for the construction of the Aurizona Project is secured, upon completion of the project ahead of schedule and under budget, when commercial production of the mine is reached and one year after the date when positive cash flows have been earned from the mine. The replacement RSUs are governed by Luna’s Restricted Share Unit Plan and may be settled in shares or cash at the Company’s option. The Company intends to settle each RSU with one common share of the Company. During the three and nine months ended September 30, 2017, the Company issued 207,190 common shares for RSUs that vested in the period.

Subsequent to September 30, 2017, the Company issued 20,719 common shares for RSUs that vested.

(Unaudited, expressed in thousands of United States dollars, except share and per share amounts)

13. Cost of sales

Cost of sales for the Company consists of the following components:

	Three months ended September 30, 2017	Nine months ended September 30, 2017
Operating costs		
Acquisition of mill feed	$ 3,825	$ 8,368
Production costs	1,979	5,243
Employee salaries and benefits	138	368
Change in inventory	(1,193)	(2,734)
Total operating costs	4,749	11,245
Amortization	147	397
Total cost of sales	$ 4,896	$ 11,642

14. Income (loss) per share

For the three months ended September 30, 2017 and 2016, all convertible instruments were anti-dilutive due to net losses in the respective periods. For the nine months ended September 30, 2017, 1,907,080 options and 88,318,479 warrants were anti-dilutive because the underlying exercise prices exceeded the average market price of Cdn $1.37.

	Nine months ended September 30, 2017			Nine months ended September 30, 2016		
	Income for the period attributable to Trek Mining Shareholders	Weighted average shares outstanding	Income per share attributable to Trek Mining Shareholders	Loss for the period attributable to Trek Mining Shareholders	Weighted average shares outstanding	Loss per share attributable to Trek Mining Shareholders
Basic income (loss) per share	$ 8,967	141,473,414	$ 0.06	$ (2,494)	14,201,242	$ (0.18)
Effect of dilutive securities:						
Warrants	(8,952)	2,787,244		-	-	
Options	-	582,179		-	-	
RSUs	-	381,157		-	-	
Diluted income (loss) per share	$ 15	145,223,994	$ 0.00	$ (2,494)	14,201,242	$ (0.18)

15. Other income (expense)

Other income (expense) consists of the following components:

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Change in fair value of derivative liabilities (note 11)	$ 1,965	$ (402)	$ 27,650	$ (1,305)
Foreign exchange gain	1,049	39	1,102	45
Gain on sale of investments	406	102	735	102
Other income	286	2	282	2
Other income (expense)	$ 3,706	$ (259)	$ 29,769	$ (1,156)

(Unaudited, expressed in thousands of United States dollars, except share and per share amounts)

16. Segmented information

	Koricancha	Exploration Aurizona	Exploration Other	Corporate	Total
Three months ended September 30, 2017					
Revenues	$ 4,030	$ -	$ -	$ -	$ 4,030
Net income (loss)	(866)	(5,467)	(304)	1,072	(5,565)
Three months ended September 30, 2016					
Revenues	$ -	$ -	$ -	$ -	$ -
Net income (loss)	-	-	(226)	(469)	(695)

	Koricancha	Exploration Aurizona	Exploration Other	Corporate	Total
Nine months ended September 30, 2017					
Revenues	$ 9,808	$ -	$ -	$ -	$ 9,808
Net income (loss)	(1,834)	(12,998)	(1,102)	24,459	8,525
Nine months ended September 30, 2016					
Revenues	$ -	$ -	$ -	$ -	$ -
Net income (loss)	-	-	(803)	(1,691)	(2,494)

	Koricancha	Exploration Aurizona	Exploration Other	Corporate	Total
September 30, 2017					
Total assets	$ 38,788	$ 169,978	$ 16,245	$ 56,242	$ 281,253
Total liabilities	(8,351)	(63,675)	(92)	(4,253)	(76,371)
December 31, 2016					
Total assets	$ 34,039	$ -	$ 17,625	$ 38,263	$ 89,927
Total liabilities	(7,694)	-	(67)	(14,773)	(22,534)

Geographical information

Revenue is attributable to operations in Peru. Information about the Company's non-current assets by jurisdiction is detailed below:

	September 30, 2017	December 31, 2016
Peru	$ 28,357	$ 28,163
Brazil	165,600	-
Canada	15,288	15,297
Ecuador	189	189
Chile	263	263
	$ 209,697	$ 43,912

(Unaudited, expressed in thousands of United States dollars, except share and per share amounts)

17. Fair value measurements

The fair value hierarchy establishes three levels in which to classify the inputs of valuation techniques used to measure fair value. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices). Level 3 inputs are unobservable (supported by little or no market activity) such as non-corroborative indicative prices for a particular instrument provided by a third party.

As at September 30, 2017, marketable securities and traded warrants are measured at fair value using Level 1 inputs and non-traded warrants are measured at fair value using Level 2 inputs. For disclosure purposes, the fair value of long-term debt is determined using Level 2 inputs. The carrying values of cash and cash equivalents, reclamation bond and accounts payable and accrued liabilities approximate fair value due to their short terms to maturity.

Marketable securities are designated as available-for-sale investments. Fair value is measured based on the quoted market price of the related common shares at each reporting date, and changes in fair value are recognized in other comprehensive income.

The fair value of the traded warrants is measured based on the quoted market price of the warrants at each reporting date. The fair value of the non-traded warrants is determined using an option pricing formula (note 11).

The fair value of long-term debt used for disclosure purposes is determined using discounted cash flows based on the expected amounts and timing of the cash flows discounted using a market rate of interest adjusted for appropriate credit risk. As at September 30, 2017, the carrying value of the convertible debenture approximates its fair value based on market rates of interest.

The following table provides the fair value of each classification of financial instrument:

		September 30, 2017		December 31, 2016
Financial assets:				
Loans and receivables				
Cash and cash equivalents	$	56,427	$	40,631
Reclamation bond		121		121
Available-for-sale investments		4,644		797
Total financial assets		61,192		41,549
Financial liabilities:				
Traded warrants	$	12,865	$	13,063
Non-traded warrants		12,132		4,212
Other:				
Accounts payable and accrued liabilities		5,913		843
Convertible debenture		28,824		-
Total financial liabilities	$	59,734	$	18,118

(Unaudited, expressed in thousands of United States dollars, except share and per share amounts)

18. Commitments and contingencies

At September 30, 2017, the Company had the following contractual obligations outstanding:

	Total	Within 1 year	1-2 years	2-3 years	3-4 years	4–5 years	Thereafter
Convertible debenture	$ 30,000	$ 10,000	$ 10,000	$ 10,000	$ -	$ -	$ -
Interest on convertible debenture	6,357	4,827	1,019	511	-	-	-
Accounts payable and accrued liabilities	5,913	5,913	-	-	-	-	-
Purchase commitments	6,890	6,890	-	-	-	-	-
Lease commitments	643	324	204	106	9	-	-

Due to the nature of the Company's operations, various legal, tax, environmental and regulatory matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. While the outcomes of these matters are uncertain, based on upon the information currently available, the Company does not believe that these matters in aggregate will have a material adverse effect on its consolidated financial statements. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of these changes in its consolidated financial statements in the appropriate period relative to when such changes occur.

The Company is a defendant in various lawsuits and legal actions, principally for alleged fines, taxes and labour related matters in Brazil. Management regularly reviews these lawsuits and legal actions with outside counsel to assess the likelihood that the Company will ultimately incur a material cash outflow to settle the claim. To the extent management believes it is probable that a cash outflow will be incurred to settle the claim, a provision for the estimated settlement amount is recorded. As of September 30, 2017, the Company recorded a legal provision for these items totaling $2.0 million.

The Company is appealing municipal tax assessments in Brazil. Brazilian courts can require a taxpayer to post cash or a guarantee for the disputed amount before the courts will hear an appeal. It can take up to five years to complete an appeals process and receive a final verdict. The Company may in the future have to post cash or insurance bonds with respect to certain municipal tax assessments being appealed, the amounts and timing of which are uncertain. The Company and its advisor believe that the municipal tax assessments which are under appeal are wholly without merit and no provision has been recorded with respect to these matters.

In certain jurisdictions where the Company operates, entities that are exporters are permitted to maintain offshore bank accounts and are required to register all transactions resulting in deposits into and payments out of those accounts. The Company has identified that in certain instances it has not registered all transactions. The Company has been advised by its tax and foreign trade legal advisors that the maximum fines imposable under statute that could result from non-compliance are up to 15% of the unreported foreign currency transaction, with a five-year statute of limitations.

If the Company is unable to resolve all these matters favorably, there may be an adverse impact on the Company's financial performance, cash flows and results of operations.

19. Subsequent events

(a) On October 25, 2017, the Company announced the signing of a definitive arrangement agreement with NewCastle Gold Ltd. ("NewCastle") and Anfield Gold Corp. ("Anfield") to combine their businesses (the

19. Subsequent events

"NewCastle and Anfield Transaction"). Under the terms of the NewCastle and Anfield Transaction, the Company will acquire all outstanding shares of NewCastle and Anfield at a share exchange ratio of 0.873 Trek Mining shares for each NewCastle share and 0.407 Trek Mining shares for each Anfield share. Each NewCastle and Anfield warrant and option will become exercisable for Trek Mining common shares, as adjusted in accordance with their respective exchange ratios. The combined entity intends to operate under the name Equinox Gold Corp. ("Equinox Gold").

Subject to, and concurrent with, closing of the NewCastle and Anfield Transaction, Ross Beaty will acquire approximately 22.5 million common shares of Equinox Gold. The shares will be purchased pursuant to a share and debenture purchase agreement between Trek Mining, Ross Beaty and Sandstorm Gold Ltd. ("Sandstorm"), whereby Sandstorm will sell to Ross Beaty 4.0 million common shares of Trek Mining and $15.0 million principal of the debenture payable by Trek Mining to Sandstorm at a combined purchase price of approximately $18.2 million. The debenture will be converted to approximately 18.5 million common shares concurrent with closing of the NewCastle and Anfield Transaction.

In addition to other customary closing conditions, the transaction is subject to regulatory and court approvals or orders. The transaction will need to be approved by two-thirds of the votes cast by NewCastle and Anfield shareholders at their respective shareholder meetings which are expected to be held on December 19, 2017. The Agreement includes customary deal-protection provisions and break fees of C$18 million payable by the Company or NewCastle and C$3.2 million payable by Anfield under certain circumstances.

(b) In conjunction with the October 25, 2017 announcement of the NewCastle and Anfield Transaction, the Company announced that Sprott Private Resource Lending (Collector), L.P. ("Sprott") received investment committee approval to provide a $85 million senior secured credit facility to be used for construction of Aurizona (the "Credit Facility"). The Credit Facility will have a five-year term, incur interest at an annual rate of 7%, plus the greater of US 3-month LIBOR or 1%, and will be repaid in quarterly installments commencing in September 2019 and ending in September 2022.

In connection with the Credit Facility, Sprott will be entitled to a production payment of $20 per gold ounce on 75% of the first 400,000 ounces of gold produced from Aurizona. Further, Trek Mining will issue to Sprott 8.0 million five-year at-market common share purchase warrants. The credit facility remains conditional on completion of legal and formal documentation and is expected to be completed prior to closing the NewCastle and Anfield Transaction.

(c) In October 2017, a Brazilian Congress joint committee approved the government's proposal to increase the royalty rate on gold from 1% of net sales (after taxes, transportation and insurance) to 2% of gross revenues from mineral sales. The measure will go to the lower house of Congress for a vote and must be approved by both houses of Congress by November 28, 2017 to become permanent.