AMARILLOGOLD

AMARILLO GOLD CORPORATION
A Development Stage Company

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

Nine months ended September 30, 2019 and 2018

T A B L E O F C O N T E N T S

A M A R I L L O G O L D C O R P O R A T I O N

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

AMARILLO GOLD CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes	As of September 30, 2019	As of December 31, 2018
ASSETS			
Current Assets			
Cash		**$ 9,568,937**	$ 2,268,514
Accounts receivable		**66,755**	141,731
Prepaids		**50,819**	15,118
		9,686,511	2,425,363
Non-current Assets			
Resource properties and deferred exploration expenditures	7&8	**29,197,380**	26,244,154
Property and equipment	8	**1,997,435**	710,118
TOTAL ASSETS		**$ 40,881,326**	$ 29,379,635
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payables and accrued liabilities		**$ 846,553**	$ 1,328,939
Due to related parties	13	**258,748**	205,000
Concession fees payable	16	**358,192**	395,553
		1,463,493	1,929,492
Non-current Liabilities			
Deferred tax liability		**-**	-
Concession fees payable – long term portion	16	**955,179**	1,407,357
TOTAL LIABILITIES		**2,418,672**	3,336,849
EQUITY			
Capital stock	9	**63,557,131**	53,594,862
Contributed surplus		**8,588,048**	7,491,946
Warrants	9	**5,730,998**	1,234,202
Deficit		**(39,413,523)**	(36,278,224)
TOTAL EQUITY		**38,462,654**	26,042,786
TOTAL LIABILITIES AND EQUITY		**$ 40,881,326**	$ 29,379,635

Business of the company and going concern (Note 1)
Litigation (Note 16)

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

Approved by the Board:

Signed: "**Colin Sutherland**" Director ________________

Signed: "**Rowland Uloth**" Director ________________

AMARILLO GOLD CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Notes	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Expenses (income)					
Accretion on gold-linked loan	11	**$ -**	$ -	**$ -**	$ 713,271
Interest and finance charges	12	**(13,667)**	2,019	**9,451**	135,151
Stock-based compensation		**894,098**	397,825	**986,102**	1,273,389
General and administrative	14	**845,716**	788,895	**2,093,958**	1,914,062
Foreign exchange (gain) loss		**(186,354)**	96,229	**45,788**	28,096
Write-off of accounts payable		**-**	20,645	**-**	(118,171)
		1,539,793	1,305,613	**3,135,299**	3,945,798
Loss before the following adjustments		**(1,539,793)**	(1,305,613)	**(3,135,299)**	(3,945,798)
Loss on foreign exchange of gold-linked loan	11	**-**	-	**-**	(458,227)
Gain on fair value of derivative	11	**-**	-	**-**	284,152
Loss before tax		**(1,539,793)**	(1,305,613)	**(3,135,299)**	(4,119,873)
Deferred tax		**-**	(115,000)	**-**	(345,000)
Total loss and comprehensive loss		**$(1,539,793)**	$ (1,420,613)	**$ (3,135,299)**	$ (4,464,873)
Basic and diluted loss per share	10	**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.04)
Weighted average shares outstanding basic and diluted	10	**158,781,908**	110,975,827	**132,339,855**	100,329,493

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

AMARILLO GOLD CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Capital Stock	Contributed Surplus	Warrants	Deficit	Total Equity
At December 31, 2017	$ 47,033,760	$ 5,991,374	$ 167,306	$ (32,408,103)	$ 20,784,337
Private placement, net of issuance cost	5,055,085	-	-	-	5,055,085
Fair value of warrants,net of tax	(1,106,588)	-	1,106,588	-	-
Stock-based compensation	-	1,273,389	-	-	1,273,389
Exercise of warrants	189,449	-	-	-	189,449
Fair value of warrants exercised	19,369	-	(19,369)	-	-
Expired warrants	-	20,323	(20,323)	-	-
Shares issued to settle gold-linked loan	1,505,790	-	-	-	1,505,790
Shares issued to settle payables	1,169,810	-	-	-	1,169,810
Loss and comprehensive loss for the period	-	-	-	(4,464,873)	(4,464,873)
At September 30, 2018	53,866,675	7,285,086	1,234,202	(36,872,976)	25,512,987
Stock-based compensation	-	206,860	-	-	206,860
Shares issued to settle gold-linked loan (adjustment)	(161,335)	-	-	-	(161,335)
Shares issued to settle payables (adjustment)	(110,478)	-	-	-	(110,478)
Income and comprehensive income for the period	-	-	-	594,752	594,752
At December 31, 2018	**53,594,862**	**7,491,946**	**1,234,202**	**(36,278,224)**	**26,042,786**
Private placements, net of issuance cost	**14,459,065**	**110,000**	**-**	-	**14,569,065**
Fair value of warrants, net of tax	**(4,496,796)**	-	**4,496,796**	-	-
Stock-based compensation	**-**	**986,102**	**-**	**-**	**986,102**
Loss and comprehensive loss for the period	**-**	**-**	**-**	**(3,135,299)**	**(3,135,299)**
At September 30, 2019	**$ 63,557,131**	**$ 8,588,048**	**$ 5,730,998**	**$ (39,413,523)**	**$ 38,462,654**

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

AMARILLO GOLD CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	**2019**	2018
Operating activities				
Net loss for the period	**$(1,539,793)**	$(1,420,613)	**$(3,135,299)**	$(4,464,873)
Unrealized foreign exchange (gain) loss	**(108,005)**	96,229	**(243,639)**	7,451
Interest on loan payable	**(12,740)**	-	**-**	45,050
Accrued interest	**17,139**	-	**61,462**	-
Stock-based compensation	**894,098**	397,825	**986,102**	1,273,389
Write-off of accounts payable	**-**	-	**-**	(118,171)
Accretion on gold-linked loan	**-**	-	**-**	713,271
Foreign exchange loss on gold-linked loan	**-**	-	**-**	458,227
Gain on fair value of derivative	**-**	-	**-**	(284,152)
Deferred tax	**-**	115,000	**-**	345,000
	(749,301)	(811,559)	**(2,331,374)**	(2,024,808)
Accounts receivable	**(30,486)**	(77,355)	**74,976**	(173,100)
Prepaids	**12,183**	17,404	**(35,701)**	70,052
Concession fees	**(93,314)**	-	**(288,800)**	-
Accounts payable and accrued liabilities	**(260,305)**	52,319	**(482,386)**	644,850
Due to related parties	**127,498**	(348,475)	**53,748**	180,178
	(993,725)	(1,167,666)	**(3,009,537)**	(1,302,828)
Investing activities				
Resource properties and deferred exploration expenditures	**(790,786)**	(690,874)	**(2,888,695)**	(2,520,175)
Property and equipment	**(21,974)**	(4,317)	**(1,351,849)**	(59,576)
	(812,760)	(695,191)	**(4,240,544)**	(2,579,751)
Financing activities				
Common shares	**10,005,000**	189,449	**15,281,589**	5,349,228
Share issuance costs	**(660,103)**	-	**(712,524)**	(104,695)
Proceeds from sale of royalty	**-**	-	**-**	14,221,440
Gold-linked loan	-	(9,712,458)	-	(9,712,458)
Related party loan proceeds	**-**	-	**1,000,000**	550,000
Related party loan repayment	**(1,000,000)**	(1,575,000)	**(1,000,000)**	(1,575,000)
Interest paid on concession fees	**(7,623)**	-	**(18,561)**	-
Interest paid on related party loan	**-**	(57,670)	**-**	(57,670)
	8,337,274	(11,155,679)	**14,550,504**	8,670,845
Change in cash during the period	**6,530,789**	(13,018,536)	**7,300,423**	4,788,266
Cash, beginning of period	**3,038,148**	17,937,059	**2,268,514**	130,257
Cash, end of period	**$ 9,568,937**	$ 4,918,523	**$ 9,568,937**	$ 4,918,523
Non-cash operating activities				
Shares issued to settle payables	**$ -**	$ 605,027	**$ -**	$ 605,027
Non-cash investing activities				
Shares issued to settle payables on resource properties	**$ -**	$ 564,783	$ **-**	$ 564,783
Capitalized depreciation	**$ 19,366**	$ 3,297	**$ 64,532**	$ 8,629
Non-cash financing activities				
Shares issued to settle payables	$ **-**	$ 1,169,810	$ **-**	$1,169,810
Shares issued to settle gold-linked loan	**$ -**	$ 1,505,790	**$ -**	$1,505,790

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

1. BUSINESS OF THE COMPANY AND GOING CONCERN

Amarillo Gold Corporation ("Amarillo" or the "Company") is incorporated under the laws of the Province of British Columbia, Canada. The address of the Company's registered office is Suite 201 – 82 Richmond Street East, Toronto, ON, Canada, M5C 1P1. Amarillo is a development stage company engaged in the acquisition and exploration of mineral properties, primarily in Brazil. Amarillo currently has two properties in Brazil: Mara Rosa which is located in the State of Goiás, and Lavras do Sul, which is located in the State of Rio Grande do Sul.

The Company has not earned any revenue to date from its operations. It is in the process of exploring its resource properties and has not yet determined whether the resource properties contain ore reserves that are economically recoverable.

The recoverability of the properties' carrying values and of the related deferred evaluation and exploration expenditures depends on discovering economically recoverable reserves, on maintaining the Company's interest in the underlying mineral claims, and on the Company's ability to obtain necessary financing to complete the development and to establish profitable production in the future, or else on receiving sufficient proceeds from disposing of the properties.

The Company's management is actively pursuing additional sources of financing, and while it has been successful in doing so in the past, no assurance exists it will be able to do so in the future. As at September 30, 2019, the Company had positive working capital of $8,223,018 (December 31, 2018 - $495,871) and an accumulated deficit of $39,413,523 (December 31, 2018 - $36,278,224).

These condensed interim consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue to do so is dependent on its ability to raise equity financing and to attain profitable operations. There are no assurances that the Company will be successful in achieving these goals.

These circumstances cast significant doubt on the Company's ability to continue as a going concern and ultimately on the appropriateness of the use of accounting principles applicable to a going concern. These condensed interim consolidated financial statements do not give effect to any adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2018.

The preparation of condensed interim consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year. The critical judgments and estimates applied in the preparation of the Company's condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2018.

These condensed interim consolidated financial statements are presented in Canadian dollars ("Cdn $"), which is also the functional currency of the Company.

3. NEW ACCOUNTING STANDARDS

IFRS 16 – LEASES

This new pronouncement, which was effective for periods beginning on or after January 1, 2019, eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all lease with exemptions permitted for short-term leases and leases of low value assets. In addition, the new accounting standard sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. The Company has retrospectively adopted the amendments under this new pronouncement, effective January 1, 2019, which did not have a significant impact on the condensed interim consolidated financial statements.

4. CAPITAL RISK MANAGEMENT

The Company manages and makes adjustments to its capital structure, based on the funds available to it, to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative "return on capital" criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

The Company considers its capital to be equity, which comprises share capital, other components of equity and accumulated deficit, which at September 30, 2019 totaled $38,462,654 (December 31, 2018 - $26,042,786).

The properties in which the Company currently has an interest are in the exploration and development stage; as such the Company depends on external financing to fund its activities. The Company will continue to assess new properties and may seek to acquire interests in additional properties if management believes sufficient geologic or economic potential exists 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 appropriate. There were no changes in its approach during the period ended September 30, 2019. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

5. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk including interest rate, foreign exchange rate, and commodity, specifically gold, price risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

The key risks attaching to the Company's financial instruments are as follows:

CREDIT RISK

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Credit risk on cash is remote as it is held with reputable financial institutions and is closely monitored by management. Management believes that the credit risk with respect to financial instruments included in accounts receivable is remote as the majority of the receivables largely represent taxes receivable, therefore there was no amount applied to the expected credit losses. As at September 30, 2019 and December 31, 2018, no accounts receivable were considered impaired or past due.

LIQUITY RISK

The Company manages liquidity risk with the objective of ensuring it will have sufficient liquidity to meet liabilities when due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of the financing will be favorable (Note 1).

As at September 30, 2019, the Company had a cash balance of $9,568,937 (December 31, 2018 - $2,268,514) to settle current liabilities of $1,463,493 (December 31, 2018 - $1,929,492).

MARKET RISK

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(A) INTEREST RATE RISK

The Company has cash balances and its current policy is to invest excess cash in high yield saving accounts. The Company regularly monitors its cash management policy. Interest rate risk is remote as the Company's cash is relatively unaffected by changes in short-term interest rates and the interest rate.

(B) FOREIGN CURRENCY RISK

The Company's functional currency is the Canadian dollar and it transacts major purchases in Canadian dollars and Brazilian Reals. To fund exploration expenditures, it maintains a Brazilian Real-denominated bank account containing sufficient funds to support monthly forecasted cash outflows.

(C) COMMODITY PRICE RISK

Commodity price risk, specifically relating to the price of gold, could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated significantly in recent years.

As of September 30, 2019, the Company was not a gold producer. However, gold price risk affects the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

SENSITIVITY ANALYSIS

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve-month period.

a) Cash is subject to floating interest rates. Sensitivity to a plus or minus one percentage point change in interest rates would not have a material impact on the reported net loss for the periods ended September 30, 2019 and 2018.
b) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, accounts receivable and accounts payable denominated in Brazilian Reals, and cash denominated in US dollars.

A plus or minus 5% change in foreign exchange rate of the Brazilian Real against the Canadian dollar would affect net loss for the period ended September 30, 2019 by approximately $12,200 (September 30, 2018 - $173,000). A plus or minus 5% change in foreign exchange rate of the US dollar against the Canadian dollar would affect net loss for the period ended September 30, 2019 by approximately $7,700 (September 30, 2018 - 172,000).

6. CATEGORIES OF FINANCIAL INSTRUMENTS

		September 30, 2019		December 31, 2018
FINANCIAL ASSETS:				
FVTPL				
Cash	**$**	**9,568,937**	$	2,268,514
Amortized cost				
Accounts receivable, excludes HST/GST receivable	**$**	**14,850**	$	79,356
FINANCIAL LIABILITIES:				
Amortized cost				
Accounts payable and accrued liabilities	**$**	**846,553**	$	1,328,939
Due to related parties	**$**	**258,748**	$	205,000
Concession fees payable	**$**	**1,313,371**	$	1,802,910

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents, receivables and payables approximate their carrying amounts due to their short-term nature. The fair value of the concession fees payable approximates their carrying values due to current market rates and consistency of credit spread.

As at September 30, 2019 and December 31, 2018, cash was measured at fair value and is classified within Level 1 of the fair value hierarchy.

7. RESOURCE PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	Mara Rosa	Lavras do Sul	September 30, 2019	December 31, 2018
Resource properties				
Balance, beginning of year	**$ 1,067,278**	**$ 2,968,088**	**$ 4,035,366**	$ 4,035,366
Additions during the year	**-**	**-**	**-**	-
Impairment losses	**-**	**-**	**-**	-
Recoveries	**-**	**-**	**-**	-
Balance, end of period/year	**1,067,278**	**2,968,088**	**4,035,366**	4,035,366
Deferred evaluation and exploration expenditures				
Balance, beginning of year	**9,475,587**	**12,733,201**	**22,208,788**	29,768,300
Expenditures during the period/year				
Engineering and consulting	**1,093,182**	**47,470**	**1,140,652**	845,646
Optimization study	**-**	**-**	**-**	647,718
Drilling and related costs	**520,584**	**-**	**520,584**	1,493,427
Assays	**233,330**	**6,423**	**239,753**	244,784
DNPM concession fees	**-**	**-**	**-**	2,042,681
Aeromagnetic survey	**57,498**	**62,000**	**119,498**	215,000
Exploration	**3,324**	**-**	**3,324**	25,055
Transportation	**3,559**	**6,950**	**10,509**	74,565
Concession taxes	**93,257**	**12,591**	**105,848**	108,252
Travel	**48,654**	**7,066**	**55,720**	77,786
Depreciation	**66,624**	**-**	**66,624**	46,832
Salaries	**348,949**	**155,763**	**504,712**	625,281
Other evaluation and exploration expenses	**138,656**	**47,346**	**186,002**	214,901
	2,607,617	**345,609**	**2,953,226**	6,661,928
Sale of royalty	**-**	**-**	**-**	(14,221,440)
Balance, end of period/year	**12,083,204**	**13,078,810**	**25,162,014**	22,208,788
Total	**$13,150,482**	**$16,046,898**	**$29,197,380**	$ 26,244,154

(I) MARA ROSA PROPERTY

The Mara Rosa project is Amarillo's primary asset located near the town of Mara Rosa in Goias State in central Brazil, 335 kilometres northwest of the national capital of Brasilia, Brazil. The property consists of exploration permits covering an area totaling 65,175 hectares and 3 mining concessions (the "Posse" mine) which cover an area totaling 2,552 hectares. This property is 100% controlled by Amarillo, although the ground is subject to a 1% Net Smelter Returns ("NSR") royalty to Franco Nevada Corporation; and a 1.0% NSR royalty to Royal Gold, Inc. which was increased to 2.75% as of June 29, 2018.

On June 29, 2018 the Company entered into an agreement for the sale of a 1.75% Net Smelter Return Royalty on the Mara Rosa gold project (the "Royalty Agreement") to RG Royalties, LLC, a wholly-owned subsidiary of Royal Gold, Inc. ("Royal Gold"), for USD$10,800,000 (CAD$14,221,440). The Company's obligations under the royalty will be secured by Mara Rosa project assets; however, the Royalty Agreement contemplates and permits a potential future first ranking project financier.

(II) LAVRAS DO SUL PROPERTY

RIO TINTO AGREEMENT

The Company acquired an option on the Lavras do Sul property (the "Lavras project"). from Rio Tinto Desenvolvimentos Ltda. ("Rio Tinto") in October 2006. The Lavras project area covers a total of 220 square kilometers and is located in the state of Rio Grande do Sul, approximately 420 kilometers by paved road southwest of the state capital Porto Alegre.

A summary of the option terms are:

- Amarillo was required to make payments of US$1,265,000 through various instalments up to January 31, 2008 in order to acquire an initial 60% interest in the property (payments made);

- Amarillo was required to issue 2,000,000 warrants - exercisable at $0.50 – to Rio Tinto within 60 days of signing the final agreement (issued). The warrants expired on January 22, 2010; and

- Amarillo was required to spend US$2,550,000 by January 31, 2008 on exploration of this property (spent).

Upon completion of the above terms Amarillo can form a Joint Venture with the underlying owners. If the underlying owners elect not to contribute then Amarillo will earn a 100% interest in the Property and be required to pay a 1.5% NSR royalty on production. The Company has yet to enter into a Joint Venture; however, it continues to work with prospective partners to negotiate this agreement.

Amarillo may withdraw from this agreement at any time by giving 30 days written notice.

In addition, should Amarillo choose to exercise at least one of its options related to the formation of a Joint Venture with the underlying owners, as set out in the option agreement these additional terms apply:

- Amarillo must make a payment of US$806,000 to Rio Tinto;

- Amarillo must make a US$1,000,000 payment to Rio Tinto within 90 days of a bankable feasibility being delivered; and

- Amarillo must make a US$6,500,000 payment to Rio Tinto for every one million ounces of recoverable gold reserves discovered on the Property in which Rio Tinto has an option to acquire a 60% equity interest.

Rio Tinto will have a back-in-right to acquire 70% of the Amarillo interest in the project by paying Amarillo three times their exploration expenditures in the event that Amarillo's equity interest in the Property contains in excess of seven million ounces of recoverable gold.

IAMGOLD AGREEMENT

On May 23, 2008, a Heads of Agreement was signed between IAMGOLD Corporation ("IAMGOLD") and Amarillo, which gave Amarillo the right to acquire a 70% interest in eight license areas with a cumulative net area of approximately 7,000 hectares (the "Property") and which are contiguous with the Company's current Lavras do Sul project.

The terms of the agreement are that Amarillo can earn a 51% interest by expending US$800,000 on exploration over 3 years which will include a minimum of 2,000 metres drilling (of which US$200,000 must be spent within the first 12-month period). In the event that IAMGOLD elects not to contribute pro-rata funding after the first earn-in period then Amarillo may earn a further 29% interest (for a total of 80%) by funding any mineral resource discovered on the Property through to feasibility study.

At the completion of a feasibility study on the Property, and up to a period of 60 days from this date, IAMGOLD may either:

- elect to contribute its pro-rata share to future funding; or

- dilute its interest to a 2.0% NSR, of which 1.0% may be bought back by Amarillo for US$1,000,000 at any time up to the commencement of production; or exercise a one-time back-in right to increase its participating interest to 60%, if Amarillo has established a total mineral reserve in excess of 2.5 million ounces of gold on the Property, and become operator by paying three times Amarillo's exploration costs up to the date of IAMGOLD exercising its back-in right.

As of December 31, 2012, Amarillo had met its commitments in respect of the IAMGOLD agreement, earning a 51% interest in the license areas.

8. PROPERTY AND EQUIPMENT

	Property	Software	Furniture, equipment and vehicles	Computer hardware	Total
Cost					
Balance as of December 31, 2017	$ -	$ -	$ 116,186	$ 49,984	$ 166,170
Additions	482,567	142,584	62,732	15,934	703,817
Balance as of December 31, 2018	482,567	142,584	178,918	65,918	869,987
Additions	**1,324,703**	**21,974**	**3,674**	**1,498**	**1,351,849**
Balance as of September 30, 2019	**$ 1,807,270**	**$ 164,558**	**$ 182,592**	**$ 67,416**	**$2,221,836**
Accumulated depreciation					
Balance as of December 31, 2017	$ -	$ -	$ 66,697	$ 36,009	$ 102,706
Depreciation for the year	-	35,646	18,186	3,331	57,163
Balance as of December 31, 2018	-	35,646	84,883	39,340	159,869
Depreciation for the period	**-**	**53,469**	**8,939**	**2,124**	**64,532**
Balance as of September 30, 2019	**$ -**	**$ 89,115**	**$ 93,822**	**$ 41,464**	**$ 224,401**
Carrying amounts					
At December 31, 2018	$ 482,567	$ 106,938	$ 94,035	$ 26,578	$ 710,118
At September 30, 2019	**$ 1,807,270**	**$ 75,443**	**$ 88,770**	**$ 25,952**	**$1,997,435**

Depreciation for the period ended September 30, 2019 amounting to $64,532 (December 31, 2018 - $57,163) has been included as a deferred exploration cost of the Mara Rosa property.

9. CAPITAL STOCK

(a) AUTHORIZED

Unlimited number of common shares.

(b) ISSUED

		Shares	Amount
Balance, December 31, 2017		85,713,925	$ 47,033,760
Private placement, net of issuance cost	(i)	18,427,780	5,055,105
Fair value of warrants issued under private placement	(i)	-	(1,106,588)
Issued to settle gold-linked loans	(ii)	5,377,819	1,344,455
Issued to settle payables	(ii)	4,177,888	1,059,332
Exercise of warrants		757,796	189,449
Fair value of warrants exercised		-	19,369
Balance, December 31, 2018		114,455,208	53,594,862
Private placement, net of issuance cost	(iii)	**26,382,950**	**5,204,966**
Fair value of warrants issued under private placement	(iii)	**-**	**(1,580,339)**
Private placements, net of issuance cost	(iv)	**50,025,000**	**9,254,099**
Fair value of warrants issued under private placement	(iv)	-	**(2,916,457)**
Balance, September 30, 2019		**190,863,158**	**$ 63,557,131**

(i) On April 12, 2018, the Company closed a non-brokered private placement (the "Private Placement") through the issuance of 18,427,780 units ("Units") at a subscription price of $0.28 per Unit for aggregate gross proceeds to the Company of $5,159,779. Management and directors of the Company subscribed for Units in an aggregate amount of $1,056,000. Each Unit is comprised of one common share (each, a "Common Share") and one-half of one Common Share purchase warrant (each, a "Warrant"). Each whole Warrant entitles the holder to purchase one additional Common Share at an exercise price of $0.38 for a period of 24 months following the date of issue, subject to customary adjustment provisions. On March 29, 2018, Tranche I of the Private Placement resulted in 14,183,333 Units issued for gross proceeds of $3,971,334. On April 12, 2018, Tranche II of the Private Placement resulted in the remaining 4,244,447 Units issued for gross proceeds of $1,188,444, Cost of issue of $104,694 include legal and filing fees.

The 9,213,886 whole warrants were ascribed a total fair value of $1,106,588 at a price of approximately $0.12 per warrant on the date of grant using the Black-Scholes pricing model with assumptions of volatility of 94.68%, risk free interest rate of 1.795%, expected life of 2 years, forfeiture rate of 0%, and dividend yield of 0%.

(ii) On August 9, 2018, the Company issued an aggregate of 4,177,888 common shares at an agreed price of $0.28 per common share to settle $1,169,810 payables including an aggregate of 2,892,952 common shares issued to certain non-arm's length parties. The Company's weighted average closing price per share at settlement was approximately $0.25 for a total ascribed share value of $1,059,332 which resulted in a gain of $110,478 on settlement of the payables.

On July 27, 2018, the Company issued 5,377,819 common shares at an agreed price of $0.28 per common share to settle the residual balance of $1,518,318 (US$1,143,522) of the gold-linked loans described in Note 12. The Company's weighted average closing price per share at settlement was $0.25 for a total ascribed share value of $1,344,455 which resulted in a gain of $173,863 on settlement of the debt. As part of the agreement to settle these loans, the Company issued 757,796 common shares upon the exercise of 757,796 warrants with exercise price of $0.25 per warrant for gross proceeds of $189,449.

(iii) On June 14, 2019, the Company closed a non-brokered private placement (the "Private Placement") through the issuance of 26,382,950 units ("Units") at a subscription price of $0.20 per Unit for aggregate gross proceeds to the Company of $5,276,590. Management and directors of the Company subscribed for Units in an aggregate amount of $1,100,000. Each Unit is comprised of one common share (each, a "Common Share") and one Common Share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to purchase one additional Common Share at an exercise price of $0.30 for a period of 24 months following the date of issue, subject to customary adjustment provisions. Cost of issue of $71,624 include legal and filing fees.

The 26,382,950 whole warrants were ascribed a total fair value of $1,580,339 at a price of approximately $0.06 per warrant on the date of grant using the Black-Scholes pricing model with assumptions of volatility of 75.5%, risk free interest rate of 1.60%, expected life of 2 years, forfeiture rate of 0%, and dividend yield of 0%.

(iv) On August 29, 2019, the Company closed Private Placements through the issuance of 50,025,000 Units at a subscription price of $0.20 per Unit for aggregate gross proceeds to the Company of $10,005,000. Through the brokered portion of the Private Placements, which was underwritten on a bought-deal basis by Mackie Research Capital Corporation as sole underwriter and bookrunner (the "Underwriter"), the Company issued 47,599,000 Units. Through the non-brokered portion of the Private Placements, the Company issued 2,426,000 Units. Management and directors of the Company subscribed for 1,101,000 Units in an aggregate amount of $220,200.

Each Unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $0.30 per warrant share until August 29, 2021.

The 50,025,000 whole warrants were ascribed a total fair value of $2,916,457 at a price of approximately $0.06 per warrant on the date of grant using the Black-Scholes pricing model with assumptions of volatility of 74.3%, risk free interest rate of 1.34%, expected life of 2 years, forfeiture rate of 0%, and dividend yield of 0%.

The Underwriter received an aggregate cash fee of $471,188 from the brokered portion of the Private Placements (the "Commission"). In addition, the Company granted the Underwriter 1,355,940 non-transferable options (the "Compensation Options"). Each Compensation Option will entitle the holder thereof to purchase one Unit (a "Compensation Option Unit") at a price of $0.20, for a period of 24 months. The 1,355,940 Compensation Options were ascribed a total fair value of approximately $0.08 per Unit on the date of grant using the Black-Scholes pricing model with assumptions of volatility of 74.3%, risk free interest rate of 1.34%, expected life of 2 years, forfeiture rate of 0%, and dividend yield of 0%.

Total cost of issue was $750,901 including cash Commission of $471,188, Compensation Options valued at $110,000, plus legal and filing fees of $169,713.

(c) WARRANTS

	Number of Warrants	Weighted average exercise price	Value of Warrants
		($)	($)
Balance, December 31, 2017	1,761,134	0.29	167,306
Issued under private placement	9,213,886	0.38	1,106,588
Exercised	(757,796)	0.25	(19,369)
Expired	(384,588)	0.25	(20,323)
Balance December 31, 2018	9,832,636	0.38	1,234,202
Issued under private placement	26,382,950	0.30	1,580,339
Issued under private placements	50,025,000	0.30	2,916,457
Balance, September 30, 2019	**86,240,586**	**0.31**	**5,730,998**

Number of Warrants	Expiry date	Weighted average exercise price
		($)
618,750	December 9, 2019	0.32
7,091,664	March 29, 2020	0.38
2,122,222	April 12, 2020	0.38
25,424,435	May 31, 2021	0.30
958,515	June 14, 2021	0.30
50,025,000	August 29, 2021	0.30
86,240,586		**0.31**

(d) BROKER COMPENSATION OPTIONS

As described in Note 9(b)(iv), the Company granted the Underwriter 1,355,940 Compensation Options which entitle the holder thereof to purchase one Compensation Option Unit at a price of $0.20, expiring on August 29, 2021. Each Unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $0.30 per warrant share until August 29, 2021.

(e) STOCK OPTIONS

The Company has a stock option plan (the "Plan") for directors, senior officers, employees, consultants and management. The Plan provides for the issuance of stock options to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. Options are granted for a term not exceeding five years and vest at the discretion of the board when granted to directors, senior officers, employees and consultants (other than those performing investor relations). Options granted to consultants performing investor relations activities vest over a period of twelve months.

	Number of Options	Weighted average exercise price ($)
Balance, December 31, 2017	2,970,000	0.29
Granted	6,540,000	0.29
Expired	(745,000)	(0.27)
Balance, December 31, 2018	8,765,000	0.29
Granted	**5,000,000**	**0.25**
Expired	**(270,000)**	**(0.35)**
Balance, September 30, 2019	**13,495,000**	**0.28**

As at September 30, 2019, the Company had the following stock options outstanding and exercisable:

Number of Options	Exercise Price ($)	Fair Value at date of grant ($)	Remaining Contractual Life (years)
440,000[1]	0.25	90,521	1.59
1,000,000[1]	0.28	308,132	0.95
200,000[1]	0.37	64,671	2.38
500,000[1]	0.36	156,472	2.69
15,000[1]	0.31	3,750	3.17
4,590,000[2]	0.31	1,237,464	3.27
200,000[1]	0.23	40,000	3.65
50,000[1]	0.22	10,000	3.69
1,400,000[1]	0.23	318,640	3.97
100,000[1]	0.21	23,170	4.03
300,000[1]	0.28	50,580	4.76
4,700,000[3]	0.25	821,300	4.99
13,495,000	**0.28**	**3,124,700**	**3.73**

[1] Exercisable as at September 30, 2019
[2] 4,090,000 exercisable as at September 30, 2019
[3] 4,300,000 exercisable as at September 30, 2019

The grant date fair value of the options granted was estimated using the Black-Scholes option pricing model using the following estimates:

	Nine months ended September 30,	
	2019	**2018**
Weighted average fair value per options ($)	**0.19**	0.26
Weighted average risk-free interest rate (%)	**1.41**	2.04
Expected life (years)	**5.0**	4.94
Weighted average expected volatility (%)	**108**	131
Expected rate of forfeiture	**Nil**	Nil
Expected dividend yield	**Nil**	Nil

10. NET LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the three months ended September 30, 2019 was based on the loss attributable to common shareholders of $(1,539,793) (September 30, 2018 - $(1,420,613)) divided by the weighted average number of common shares outstanding of 158,781,908 (September 30, 2018 – 110,975,827).

The calculation of basic and diluted loss per share for the nine months ended September 30, 2019 was based on the loss attributable to common shareholders of $(3,135,299) (September 30, 2018 - $(4,464,873)) divided by the weighted average number of common shares outstanding of 132,339,855 (September 30, 2018 – 100,329,493).

11. GOLD-LINKED LOAN

On July 31, 2014, the Company entered into agreements with AIMS, Alchemist Inc. (“Alchemist”) and Douglas Pollitt (“DP”) to obtain a Gold-linked credit facility (“Gold-linked Loan”). The Gold-linked Loan had an original maturity date of July 31, 2019 which was extended to June 30, 2022 on February 18, 2018. The extension was accounted as an extinguishment which resulted in a gain on extinguishment of $5,360.

The facility bore interest of 12% and was secured by a 5% NSR on the Mara Rosa project, which relinquishes on repayment of the loan. The Company could borrow up to the US dollar value of 5,000 ounces of gold calculated according to the Relevant Gold Reference Price (RGRP). There was an initial tranche/drawdown of a US dollar value up to 2,500 ounces of gold with a reference price of US$1,294.50/oz (“Initial Drawdown”).

Subsequent tranches were drawn down with a reference price based on the LBMA PM seven business days prior to start of the quarter (“Subsequent Drawdown”). Warrants were issuable to lenders representing an aggregate of 1,200 warrants for each US$1,000 in value of the Gold-linked Loan Initial Drawdown and 600 warrants for each US$1,000 in value of the Gold-linked Loan Subsequent Drawdown. Each warrant is exercisable into a common share at $0.25 per share for a 36 months’ period (“Lender Warrants”).

As a result of the indexation of the loan repayments to the movement in the price of gold, the Company determined that the Gold-linked Loan contained a derivative which was embedded in the US dollar denominated debt instrument (the “Embedded Derivative”). The embedded derivative was marked to market at each period end with changes in fair value recorded as a gain/loss on fair value of derivative.

On July 27, 2018 the Company settled the entire balance of $11,040,050 (US$8,519,325) by paying cash of $9,695,595 (US$7,375,803) and issued 5,377,819 shares with a total value $1,344,455 (US$1,143,522) or $0.25 per share and recognized a gain of $173,863 on settlement of debt.

12. LOANS

	September 30, 2019	December 31, 2018
Balance, beginning of period/year	**$ -**	$ 1,038,192
Advances	**1,000,000**	550,000
Interest accrual	**-**	44,478
Repayment	**(1,000,000)**	(1,632,670)
Balance, end of period/year	**$ -**	$ -

On March 29, 2019, the Executive Chairman of the Company agreed to provide a $1,000,000 facility (the "Facility") to be drawn down from time to time. The Facility was unsecured, due and payable on demand and bore interest at 6% per annum. On August 22, 2019 the total of $1,000,000 drawn under this Facility was repaid and accrued interest of $12,740 was waived.

13. RELATED PARTY TRANSACTIONS AND BALANCES

As at September 30, 2019, and December 31, 2018, the balance due to related parties is comprised of the following:

	September 30, 2019	December 31, 2018
Due to officer	**$ -**	$ 180,000
Due to corporations controlled by directors	**133,748**	5,000
Due to directors	**125,000**	20,000
	$ 258,748	$ 205,000

These amounts are non-interest bearing, unsecured and subject to normal trade payment terms.

During the three and nine month periods ended September 30, 2019 and 2018, the Company incurred charges with directors, officers and companies with a common director as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	**2019**	2018
Salaries paid/payable to officers	**$ 125,000**	$ 125,000	**$ 375,000**	$ 245,000
Consulting fees charged by director's corporations	**-**	-	**-**	8,550
Directors' fees	**70,000**	19,167	**120,000**	219,167
Exploration costs charged by director's corporation	**57,498**	-	**113,748**	215,000
	$ 252,498	$ 144,167	**$ 608,748**	$ 687,717

During the nine months ended September 30, 2019, the Company granted to directors and officers 4,050,000 options at an exercise price of $0.25 expiring September 25, 2024.

These transactions were in the normal course of business and are measured at amounts representing normal commercial terms.

14. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of the following:

	Notes	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Consulting fees	13	**$ 167,810**	$ 90,541	**$ 283,281**	$ 219,741
Professional fees		**244,014**	295,432	**631,346**	600,148
Salaries and benefits/Management fees	13	**172,511**	186,672	**526,508**	396,008
Directors' fees	13	**70,000**	19,167	**120,000**	219,167
Marketing and promotion		**92,630**	94,840	**253,655**	190,533
Filing and transfer agent fees		**19,863**	31,426	**61,556**	71,226
Travel		**13,582**	6,633	**28,340**	46,087
Other general and administrative		**65,306**	64,184	**189,272**	171,152
		$ 845,716	$ 788,895	**$2,093,958**	$ 1,914,062

15. SEGMENTED INFORMATION

The Company operates in one reportable operating segment – mineral exploration. The Company's resource properties are located in Brazil and its corporate assets are located in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues.

Total assets by geographic region are as follows:

September 30, 2019	**Canada**	**Brazil**	**Total**
Current assets	**$ 9,183,872**	**$ 502,639**	**$ 9,686,511**
Resource properties and deferred exploration expenditures	**-**	**29,197,380**	**29,197,380**
Property and equipment	**-**	**1,997,435**	**1,997,435**
	$ 9,183,872	**$ 31,697,454**	**$ 40,881,326**

December 31, 2018	**Canada**	**Brazil**	**Total**
Current assets	$ 2,268,309	$ 157,054	$ 2,425,363
Resource properties and deferred exploration expenditures	-	26,244,154	26,244,154
Property and equipment	-	710,118	710,118
	$ 2,268,309	$ 27,111,326	$ 29,379,635

16. CONCESSION FEES PAYABLE AND LITIGATION

The Company entered into a services agreement (the "Services Agreement") dated April 28, 2008 with Western Potash Corporation ("WPC"), a British Columbia company, whereby the Company would acquire exploration permits (the "Exploration Permits") in Brazil's Amazon Basin and once received from the Brazilian Departamento Nacional de Producao Mineral ("DNPM"), now known as the ANM, the Company would transfer those permits to a Brazilian subsidiary of WPC.

Under the Services Agreement, WPC was responsible for all direct and indirect costs incurred on the WPC Properties. The Services Agreement expressly stated that the Company shall not be liable for any losses, claims, expenses or other liabilities relating to the Services Agreement.

Amarillo, through its Brazilian subsidiary AMB, performed the following services for WPC: staked mineral claims in the Amazon Basin, formed a 100% owned subsidiary of WPC called Potassio Occidental Mineracao Ltda ("POML") in Brazil, set up bank accounts and other things necessary for POML to commence business in Brazil.

AMB applied for and received Exploration Permits for WPC (the "WPC Properties"). The Exploration Permits, which have a three year life, were received on September 12, 2011 which then obligated the owner of the permits to pay taxes on January 31, 2012, 2013 and 2014. Amarillo submitted applications to assign the Exploration Permits to POML in three tranches on November 7, 2011, November 8, 2011 and January 30, 2012.

The Exploration Permits should, according to Brazilian law, have been transferred to POML within 60 days. These applications were not processed in a timely way as Brazil instituted a moratorium on all applications for Exploration Permits pending the approval of a new Mining Code. This suspension was put into effect without any written order and without the publication of any act in the Official Gazette of Brazil.

As a consequence, the transfer of the Exploration Permits was not processed. AMB remained the registered owner of the Exploration Permits and liable for taxes thereon which became payable on January 31, 2012, and on January 31 of each of the next two years.

The Taxa Annual pro Hectare ("TAH") taxes due in respect of the Exploration Permits on January 31, 2012 were paid by POML with funds provided by WPC. POML did not pay the TAH for the Exploration Permits due on January 31, 2013 and on April 19, 2013, WPC sold its shares of POML to Pacific Potash Corporation ("PPC").

On October 7, 2013, PPC reached a settlement with DNPM for a total gross amount of TAH payments, penalties and interest of R$ $4,660,707. DNPM agreed to allow PPC to make the outstanding TAH payments, related penalties and interest owed over a five year payment period. However, PPC made only one monthly payment and then went into default and has not made any further payments.

As the Exploration Permits had not been transferred to POML due to the moratorium, AMB continued to have liability in the eyes of DNPM for the TAH, penalties and interest assessed in respect of the Exploration Permits for 2013 and 2014. In 2015, AMB appealed its liability for these costs. In January, 2017, DNPM advised AMB that its appeal had not been allowed. At this time DNPM has brought proceedings against AMB for the unpaid taxes on the Exploration Permits for 2013 and 2014 amounting to R$ 4,790,407. The DNPM has also levied penalties in the amount of R$ 600,769.

Although the TAH and penalties in respect of the Explorations Permits for 2013 and 2014 were not paid, WPC continued to acknowledge to Amarillo its liability for these costs. The Company believed that WPC would make good on its obligations, and that the TAH and penalties were not the Company's obligation. Accordingly, the Company has been of the view that the liability for the TAH, penalties and interest amounts rests with WPC and that WPC would honour its obligations to the DNPM. It also expected its appeal would be successful as the Exploration Permits should have been transferred to POML according to Brazilian law.

In order to avoid enforcement proceedings by the DNPM and to satisfy one of the conditions underlying the sale of royalty to Royal Gold as described in Note 8, AMB entered into an agreement with the DNPM to pay an estimated monthly amount of R$ 93,778 over a five year period commencing on June 29, 2018. The total amount of R$5,626,642 includes principal of R$4,688,868 and interest of R$937,774. The Company has communicated this payment plan to WPC which was done under protest and without any waiver of its claims against WPC. The Company recorded the initial liability of R$5,626,642 (CAD$1,982,266) and capitalized this amount at the Mara Rosa property. As at December 31, 2018 the Company has paid R$669,533 (CAD$235,541) including interest of R$13,155 (CAD$4,691) under this plan. Interest is accrued on the unpaid balance at approximately 6.7% per annum with accrued interest of R$158,989 (CAD$55,724) as at December 31, 2018. Total interest paid and accrued, plus foreign exchange adjustment of R$171,687 (CAD$60,415) were also capitalized with total capitalization of R$5,798,785 (CAD$2,042,681) at the Mara Rosa property (Note 7).

The undiscounted balance payable at September 30, 2019 after interest adjustments was R$4,126,204 (CAD$1,313,371) with an estimated R$309,037 (CAD$209,424) due for the remainder of 2019 and the remaining balance of R$4,749,493 (CAD$1,511,764) due until June 2023. The Company has paid an aggregate of R$1,566,928 (CAD$542,902) as at September 30, 2019.

	September 30, 2019	December 31, 2018
Balance, beginning of period/year	**$ 1,802,910**	$ -
Amount payable at inception	**-**	1,982,266
Accrued interest	**61,461**	55,724
Repayment	**(307,361)**	(235,541)
Foreign exchange adjustment	**(243,639)**	461
Balance, end of period/year	**1,313,371**	1,802,910
Less: Current portion	**358,192**	395,553
Long term portion	**$ 955,179**	$ 1,407,357

Future undiscounted payments under this installment arrangement for the next 5 years are as follows:

2019	**$ 98,367**
2020	**409,325**
2021	**435,931**
2022	**464,267**
2023	**202,241**

On October 19, 2018 the Company filed a Domestic Commercial Arbitration Notice and a Statement of Claim with the British Columbia International Commercial Arbitration Centre regarding this dispute with WPC. The Statement of Claim seeks an award of damages by reason of failure of WPC to pay for the TAH, penalties and interest paid and payable by Amarillo as a result of the staking of Exploration Permits in the name of AMB for WPC and, or in the alternative, an order for specific performance of the Services Agreement. The value of the claim is at least R$5,970,016 (CAD$2,042,681) as at December 31, 2018. On December 21, 2018, WPC filed a petition (the "Petition") seeking an order that certain communications that were sent or received by Mr. Buddy Doyle, a former director of the Company and of WPC, are subject to solicitor-client privilege in favour of WPC, must be returned to WPC, and cannot be used in the Arbitration. The Arbitration is paused pending the determination of the Petition. The hearing of this Petition was originally scheduled for April 23-24, 2019. The Company filed a comprehensive response to the Petition, supported by the affidavits of Mr. Doyle, Mr. Dean Pekeski, a former VP Exploration of WPC, and Mr. Patricio Varas, the former President and CEO and director of WPC. Messrs. Pekeski and Varas, who were parties to the communications at issue, confirm that the communications are not privileged. As a result of WPC failing to take steps to confirm the hearing date, on April 23, 2019, the Company applied to the court for directions and WPC was ordered, among other matters, to take steps to secure Petition hearing dates in July, and to file any procedural applications by May 10, 2019. On May 10, 2019, WPC delivered an application seeking to strike out all or portions of the affidavits filed by the Company. In support of its application, WPC has tendered, among other things, the affidavit filed by Mr. Doyle in the Arbitration which attaches the communications at issue. The Company has filed its own application seeking to strike all or portions of the affidavits relied on by WPC. Although the Company disagrees that the communications are privileged or that the Company cannot use them against WPC in the Arbitration. its position is that, by voluntarily putting the communications at issue in the public record and before the court, WPC has voluntarily waived any privilege that it says attached to these communications. The hearing of the parties' respective applications and the Petition was heard as scheduled on October 15 - 17, 2019, and the Company awaits the decision of the Supreme Court of British Columbia.

The Company believes that it will be successful in the Petition and in the Arbitration and that it will obtain an order requiring WPC to pay all amounts accrued and paid to DNPM for liabilities arising in respect of the Exploration Permits, as well as costs of the Arbitration.

17. AUTHORIZATION

These condensed interim consolidated financial statements for the nine months ended September 30, 2019 and 2018 were reviewed and adopted by the Company's Audit Committee and full Board of Directors on November 6, 2019, and were subsequently certified by the Company's Chief Executive Officer and Chief Financial Officer.