Financial Statements
For the years ended December 31, 2017 and 2016
(Expressed in United States Dollars)

April 27, 2018

Independent Auditor's Report

To the Shareholders of Sailfish Royalty Corp.

We have audited the accompanying financial statements of Sailfish Royalty Corp., which comprise the statements of financial position as at December 31, 2017 and December 31, 2016 and the statements of loss and comprehensive loss, cash flows and changes in shareholder's equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

Emphasis of matter
Without qualifying our opinion, we draw attention to the fact that, as described in Note 1 to the financial statements, the Sailfish Royalty Corp. component has not operated as a separate entity until December 22, 2017. These financial statements are, therefore, not necessarily indicative of results that would have occurred if Sailfish Royalty Corp. had been a separate stand-alone entity during the years presented or of the future results of Sailfish Royalty Corp.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

(Expressed in United States Dollars)

As at	Notes	December 31, 2017	*Note 1* December 31, 2016
		$	$
ASSETS			
Cash		535,174	912
Interest receivable		461	32,637
Prepaid expenses		2,200	63,230
		537,835	96,779
Royalty interest	5	12,107,000	-
Advances	6	1,096,051	1,044,441
		13,740,886	1,141,220
LIABILITIES			
Accounts payable and accrued liabilities		197,874	56,282
Due to related parties	8	23,898	1,119,523
		221,772	1,175,805
SHAREHOLDER'S EQUITY			
Share capital	7	12,500,001	1
Contributed surplus	7	1,411,934	-
Deficit		(392,821)	(34,586)
		13,519,114	(34,585)
		13,740,886	1,141,220

Nature of operations and liquidity (Note 1)

Approved on behalf of the Board of Directors:

“Cesar Gonzalez”
Director

“Walter Reich”
Director

(Expressed in United States Dollars)

	Notes	For the year ended December 31, 2017 $	*Note 1* For the year ended December 31, 2016 $
Income			
Interest income		86,709	49,964
		86,709	49,964
Operating and Administrative Expenses			
Director fees	8	38,800	39,000
Senior management		26,747	26,747
Share-based payment		7,764	18,914
General office and regulatory fees		51,098	18,000
Interest expense		96,036	50,945
Rent	8	19,600	18,000
Travel and marketing		2,152	-
Professional fees		203,260	10,709
Foreign exchange gain		(513)	-
		444,944	182,315
Net loss and comprehensive loss for the year		(358,235)	(132,351)
Basic and diluted loss per share	$	(0.01)	$ (0.00)
Weighted average number of shares outstanding		29,413,422	29,146,468

SAILFISH ROYALTY CORP.
STATEMENTS OF CASH FLOWS
Year ended December 31, 2017
(Expressed in United States Dollars)

	Notes	For the year ended December 31, 2017 $	*Note 1* For the year ended December 31, 2016 $
Cash provided by (used for):			
Operating Activities			
Net loss for the year		(358,235)	(132,351)
Plus interest expense		96,036	50,945
Less interest income		(86,709)	(49,964)
Changes in working capital			
Prepaid expenses		61,030	(55,730)
Accounts payable and accrued liabilities		197,874	(1,500)
		(90,004)	(188,600)
Investing Activities			
Royalty interest		(6,500,000)	-
Advances		(107,892)	(693,592)
Interest received		118,885	19,481
		(6,489,007)	(674,111)
Financing Activities			
Due to related parties	8	113,273	863,535
Issue of common shares		7,000,000	-
		7,113,273	863,535
Net increase in cash		534,262	824
Cash - beginning of year		912	88
Cash - end of year		535,174	912

The accompanying notes are an integral part of these financial statements.

	Shareholder's Equity				
	Number of shares	**Amount**	**Contributed surplus**	**Retained earnings (deficit)**	**Total**
		$	**$**	**$**	**$**
Balance at December 31, 2015	100,000,000	1		97,765	97,766
Net loss	-	-	-	(132,351)	(132,351)
Balance at December 31, 2016 (note 1)	100,000,000	1		(34,586)	(34,585)
Share consolidation	(70,853,532)	-	1,411,934	-	1,411,934
Shares issued to:					
Marlin Gold Mining Ltd. (note 7)	5,167,175	7,000,000	-	-	7,000,000
Tocantinzinho Royalty Vendors (note 5, 7)	4,059,923	5,500,000	-	-	5,500,000
Net loss	-	-	-	(358,235)	(358,235)
Balance at December 31, 2017	38,373,566	12,500,001	1,411,934	(392,821)	13,519,114

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND LIQUIDITY

Sailfish Royalty Corp. ("Sailfish" or the "Company") is a public company listed on the TSX Venture Exchange ("TSX-V") under the symbol "FISH" as of December 21, 2017. The Company was incorporated on February 27, 2014 under the BVI Business Company Act, 2004 and is domiciled in the British Virgin Islands. The address of its registered and head office is Sea Meadow House, Blackburne Highway, PO Box 116, Road Town, Tortola, British Virgin Islands, VG1110. The Company is primarily engaged in the acquisition of royalty and streaming agreements.

The Company's ability to settle its existing liabilities and continue as a going concern is dependent upon the Company securing financing and continued support from Marlin Gold Mining Ltd. ("Marlin"). Marlin has funded the Company's needs to date and funded the cash cost of the Transaction (see note 5) plus advanced an additional $500,000 for working capital purposes. During 2017, Marlin agreed to convert the loan to an additional equity investment and has agreed to make available a credit facility of $14,000,000 bearing interest at 8% per annum in order to fund the upfront amount of the Golden Reign Stream. As of December 31, 2017, no amounts have been drawn on the credit facility. Marlin intends to fund this credit facility using cash flows from operations and in the event that this is not sufficient they will need to seek other forms of financing. Marlin has a controlling shareholder, which is also the controlling shareholder of Sailfish and has provided Marlin with $150,704,000 CAD of debt and equity funding to December 31, 2017.

There are various conditions precedent that Golden Reign must satisfy before Sailfish is required to fund the remainder of the GRR Purchase Price. At this time, the two most significant conditions precedent yet to be satisfied are (i) the signing of an EPCM contract with the nominated EPCM firm, Tes-Oro Mining Group LLC (formerly Sonoran Resources LLC) and (ii) approval of a construction budget by Sailfish. On this basis, the Company does not anticipate having to draw down on the credit facility during 2018.

The financial statements (2016: carve-out financial statements) have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on a going concern basis, under the historical cost convention.

These financial statements may not be indicative of the Company's financial performance and do not necessarily reflect what its financial position, results of operations and cash flows would have been had Company operated as an independent entity prior to December 22, 2017. The following basis of preparation for the statements of financial position, loss and comprehensive loss, cash flows and shareholder's equity of the Company have been applied:

- All assets and liabilities and expenditures of Sailfish have been presented in these financial statements and;
- Common expenses incurred by Marlin, including compensation and interest, have been allocated based on time estimated to be spent on Sailfish each period as if Sailfish had operated as a standalone entity and the amount of funds loaned to Sailfish at the rate of interest applied to the outstanding Marlin debt.

These financial statements were approved by the board of directors for issue on April 27, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Basis of presentation
The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on a going concern basis, under the historical cost convention.

(a) Foreign currency translation

The Company's functional and reporting currency is the United States dollar.

Determination of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency if there is a change in events or conditions which determined the primary economic environment.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of those transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the functional currencies are recognized in the statement of loss.

(b) Cash and cash equivalents
Cash and cash equivalents include cash held in bank accounts and highly liquid investments with original maturities of three months or less.

(c) Share based compensation
Compensation expense for options granted to employees, directors and certain service providers is determined based on estimated fair values of the options at the time of grant using the Black-Scholes option pricing model, which takes into account, as of the grant date, the fair market value of the shares, expected volatility, expected dividend yield and the risk-free interest rate over the expected life of the option. The cost is recognized using the graded attribution method over the vesting period of the respective options.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (cont'd)

(c) Share based compensation (cont'd)

The expense relating to the fair value of stock options is included in expenses and is credited to contributed surplus. Shares are issued from treasury in settlement of options exercised.

(d) Royalty interests

Royalty interests consist of acquired royalty interests and stream metal purchase agreements. These interests are recorded at cost, including the capitalisation of associated transaction costs, and capitalized as tangible assets with finite lives. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any.

(e) Impairment of royalty interest

At each reporting period, management reviews all assets for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). In assessing FVLCD, recent market transactions (where available) are taken into account. If no such transactions can be identified, an appropriate valuation model is used. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in net loss for that period.

(f) Income (loss) per share

Income (loss) per common share is calculated using the weighted average number of common shares outstanding. Diluted income (loss) per share is the same as basic income (loss) per share as there are no outstanding potentially dilutive instruments.

(g) Interest

Interest income and expenses are recognised in the profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

(h) Taxes

Under the present British Virgin Island laws, the Company will not be subject to tax on income, profits or capital gains in the British Virgin Islands. Accordingly, no provision for income tax is included in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (cont'd)

(i) Financial instruments

Financial assets
The Company classifies its financial assets in the following categories: Fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

(i) Loans and receivables - Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables are comprised of cash.

(ii) AFS - AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity.

(iii) FVTPL - Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through net loss.

(iv) Impairment of financial assets - The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An evaluation is made as to whether a decline in fair value is "significant" or "prolonged" based on indicators such as significant adverse changes in the market, economic or legal environment. Any impairments charges are recognized in net loss.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Financial liabilities
The Company classifies its financial liabilities in the following categories: FVTPL and other financial liabilities. The Company has no financial liabilities categorized as FVTPL.

(i) Other financial liabilities - Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in net loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable, which are non-interest bearing, and due to related parties.

2. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (cont'd)

(i) Financial instruments (cont'd)

Financial assets and liabilities

(i) Derecognition of financial assets and liabilities: Financial assets are derecognized when the investments mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Any accumulated fair value adjustments recognized in other comprehensive income (loss) are then included in net loss. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

3. RECENT ACCOUNTING PRONOUNCEMENTS

The IASB issued the following new or revised pronouncements that will affect the Company's current year financial statements.

- IAS 7: Statement of Cash flows: From 1 January 2017, entities will be required to explain changes in their liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. Further details can be found in note of the financial statements.

The IASB issued the following new or revised pronouncements that may affect the Company's future financial statements.

- IFRS 9: Financial Instruments ("IFRS 9"): This standard replaces the current IAS 39: Financial Instruments Recognition and Measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. The effective implementation date of IFRS 9 is January 1, 2018. The Company has evaluated the impact on the financial statements and determined there was no material affect.

- IFRS 15: Revenue from Contracts with Customers ("IFRS 15"): This standard replaces IAS 11: Construction Contracts, IAS 18: Revenue and IFRIC 13: Customer Loyalty Programmes. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. The latest date of mandatory implementation of IFRS 15 is January 1, 2018. The Company has evaluated that there will be no impact on the financial statements as the Company currently doesn't generate any revenue income.

3. RECENT ACCOUNTING PRONOUNCEMENTS (Cont')

- IFRS 16: Leases ("IFRS 16"): This standard replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company has yet to determine the impact on the financial statements.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Outlined below are some of the areas which require management to make significant estimates and assumptions in determining carrying values.

Accounting treatment of royalty agreements

The Company's business is the acquisition of royalties. Each mineral, royalty and other interest arrangement has its own unique terms and judgement is required to assess the appropriate accounting treatment.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT (Cont')

Impairment of financial assets
At each reporting date, the Company reviews its financial assets to determine whether there are any indications of impairment. Calculating the estimated recoverable amount for the financial asset impairment tests requires management to make estimates and assumptions with respect to estimated recoverable amount of the advance and interest receivable. Changes in any of the assumptions or estimates used in determining the recoverable amount could impact the impairment analysis.

Fair value of shares issued during the year
Part consideration for the royalty purchase agreement entered into during the year was shares in the Company. The total value of the transaction was $12,000,000 with $5,500,000 settled with shares. This transaction falls under the scope of IFRS 2: Share Based Payments and requires the fair value of the shares issued to be determined based on the underlying value of the asset acquired. The fair value of the royalty has been determined by assessing the net present value of the expected cash flows from the royalty and allocating a share of this to the shares issued.

5. ROYALTY INTEREST

Sailfish entered into a royalty purchase agreement dated June 27, 2017 (the "Royalty Purchase Agreement") with two individuals (together, the "Vendors") pursuant to which the Company agreed to acquire and the Vendors agreed to sell, certain royalty interests in the Tocantinzinho Project (the "Transaction").

The Transaction was subject to certain conditions, including approval of the TSX Venture Exchange (the "TSXV"), the completion of a going-public transaction by the Company (the "Spin-Out"), which was to be completed within the general parameters set out in the Royalty Purchase Agreement, and an equity financing in furtherance of the Spin-Out.

On November 15, 2017, the board of directors of Marlin, which at the time was the sole shareholder of the Company, announced that it had approved the Spin-Out pursuant to a court-approved arrangement under the Business Company Act (British Columbia). On the same date, Marlin called an annual and special meeting of the holders of common shares of Marlin held on December 14, 2017. At the Meeting, the Marlin shareholders passed a special resolution approving the Spin-Out. Under the Spin-Out, Marlin distributed all of the shares of the Company to its shareholders on the basis of one share of the Company for every five shares of Marlin.

Pursuant to the terms of the Transaction, the consideration paid by the Company to the Vendors was an aggregate of $12,000,000 of which $6,500,000 was paid in cash and the balance $5,500,000 was paid-in-kind by receiving 4,059,923 Shares in the Company. The company incurred additional transactional costs of $107,000 which was capitalized as part of the royalty interest.

5. ROYALTY INTEREST (cont'd)

The Tocantinzinho Royalty is a 3.5% royalty on revenues on the Tocantinzinho Project payable following the commencement of commercial production, which Eldorado Gold Corp ("Eldorado") has the right to reduce to a 1.5% royalty on revenues by payment of US$5.5 million within 30 days of a construction decision to proceed with development of the Tocantinzinho Project. In the event that Eldorado elects to make such a payment and such amount is paid to Sailfish, Sailfish will be obligated, pursuant to the Tocantinzinho Royalty Purchase Agreement to pay such amount to the Tocantinzinho Royalty Vendors. If Eldorado does not exercise its right to reduce the Tocantinzinho Royalty, then, within 35 days of the announcement by Eldorado of a construction decision to proceed with development of the Tocantinzinho Project, Sailfish shall, at its option, either (i) pay US$5.5 million to the Tocantinzinho Royalty Vendors or (ii) assign 2% of the Tocantinzinho Royalty back to the Tocantinzinho Royalty Vendors. No liability has been recognized for this in the statement of financial position.

6. ADVANCES

On July 10, 2014, the Company and Golden Reign Resources Ltd. ("Golden Reign") entered into a US$15,000,000 (the "GRR Purchase Price") Gold Streaming Arrangement (the "GRR Arrangement") for the construction and development of Golden Reign's San Albino gold deposit, located in Nueva Segovia, Nicaragua. The GRR Purchase Price is only due once a preliminary cost assessment report has been provided for the development of Golden Reign's San Albino gold deposit.

Under the GRR Arrangement, Sailfish will be entitled to purchase 40% of gold production from the San Albino gold deposit, at US$700 per troy ounce, subject to a 1% per year cost escalation beginning three years from commercial production, until Sailfish recovers US$19.6 million. Thereafter, Sailfish will be entitled to purchase 20% of gold production at US$700 per troy ounce and is subject to a 1% per year cost escalation beginning three years from commercial production, plus 50% of the price differential above US$1,200 per troy ounce subject to certain adjustments.

Prior to commercial production Sailfish will be entitled to receive an 8% semi-annual coupon payment on the amount advanced on the GRR Purchase Price and Golden Reign will be required to make minimum repayments per month when commercial production commences. The substance of this transaction will result in result in it being treated as a loan for accounting purposes because the terms indicate a right to receive cash flows in the form of interest payments and minimum return of capital post commercial production dates. Once the Company's initial investment is recovered, it will receive additional benefit from future mine production and the ability to purchase gold at a discounted price.

(Expressed in United States Dollars)

6. ADVANCES (cont'd)

The advances made to Golden Reign to date as well as the future advances under the GRR Arrangement are secured by the mining concessions, property, plant and equipment and all other assets of Golden Reign.

As at December 31, 2017, the Company had advanced $1,096,051 (2016 - $1,044,441) to Golden Reign, accrued interest receivable of $461 (2016 -$32,637) and no repayments have been made.

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized – Unlimited number of common shares with no par value.

(b) Issued share capital is as follows:

	Number of shares	Value
December 31, 2015, issued and outstanding	100,000,000	1
December 31, 2016, issued and outstanding	100,000,000	1
Shares consolidation of Marlin (i)	(70,853,532)	-
Balance	29,146,468	1
Shares issued to Marlin (ii)	5,167,175	7,000,000
Balance	34,313,643	7,000,001
Shares issued to TZ Royalty Vendors (iii)	4,059,923	5,500,000
December 31, 2017, issued and outstanding	38,373,566	12,500,001

(i) On December 20, 2017, the Company consolidated 100,000,000 shares into 29,146,468 shares owned by Marlin Gold Mining Ltd and transferred its balance in due to related parties of $1,411,934 to contributed surplus.

(ii) On December 20, 2017, the Company issued 5,167,175 shares to Marlin Gold Mining Ltd for a subscription price of $7,000,000.

(iii) On December 21, 2017, the Company issued 4,059,923 shares to the Tocantinzinho Royalty Vendors for a subscription price of $5,500,000.

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (con't)

(c) Stock options

On December 22, 2017, the Company was spun-out of Marlin Gold Mining Ltd. As part of the plan of arrangement, stock options are to be issued to a director and an officer of the Company entitling them to purchase 1,200,000 common shares over a period of five years, expiring on February 5, 2021. The options have been designed to have an initial value equal, when combined with the remaining options in Marlin Gold Mining Ltd., to that held by the option holders held in Marlin Gold Mining Ltd. at the date of the spin out of the Company.

The share based payment charge in the statement of loss and comprehensive loss is to reflect the Company's share of the original options in Marlin Gold Mining Ltd., consistent with the year ended December 31, 2016.

The precise terms of the Sailfish options required to meet the pricing objectives above, is to be determined based on the initial trading share price of the Company, according to the plan of arrangement. Should different terms be determined, that change will result in a modification to the previously granted share based compensation with the consequential accounting implications.

8. RELATED PARTIES

Related parties comprises directors and the controlling shareholder.

(a) Key management compensation

Key management includes directors and senior management. For the year ended December 31, 2017 the compensation was as follows:

(iv) Director fees of $38,800 (2016 - $39,000) were recorded in 2017 and are payable semi-annually in advance. At December 31, 2016, prepaids include directors fee of $Nil (2016 - $7,500).

(v) Senior management fees of $26,747 (2016 - $26,747) and share-based payments of $7,764 (2016 - $18,914) were incurred.

(b) Related party transactions

(i) As at December 31, 2017 the shareholders of Marlin held 34,313,643 (2016 – 100,000,000) common shares of the Company representing 89.4% (2016 – 100%) of the shares issued.

(ii) On December 18, 2017 the Company entered into a loan agreement with Marlin. Under the terms of the agreement, Marlin agreed to make available to Sailfish a maximum amount of $14,000,000 to finance the Company's purchase obligations under it's gold purchase agreement. The loan facility is available upon demand and bears interest at 8% per annum, payable bi-annually in arrears. During the year ended December 31, 2017, Marlin loaned the Company an additional $113,273 (2016 – $863,535) and incurred interest charges of $96,036 (2016- $50,945). On December 20, 2017, the balance due to

(Expressed in United States Dollars)

8. RELATED PARTIES (Con't)

Marlin of $1,411,934 was converted to equity and recorded as contributed surplus. As at December 31, 2017, $23,898 (2016 – $1,119,523) is payable by the Company to Marlin.

(iii) On December 20, 2017, the Company consolidated the 100,000,000 outstanding shares owned by Marlin Gold Mining Ltd. into 29,146,468 shares and in turn Marlin distributed these shares to its shareholders on a pro-rata basis.

(iv) On December 20, 2017, the Company issued 5,167,175 shares to Marlin Gold Mining Ltd for a subscription price of $7,000,000 and in turn Marlin distributed these shares to its shareholders on a pro-rata basis.

(v) Rent of $19,600 (2016 - $18,000) was paid during the year to one of the directors for office space for which there is no long-term commitment.

(c) Financing activities

As shown in the statement of cash flows the Company received cash from related parties in the amount of $113,273 (2016 - $863,535) as follows:

		2017		2016
Due to related parties, beginning of year		(1,119,523)		(205,043)
Share consolidation to contributed surplus		1,411,934		-
Interest expense		(96,036)		(50,945)
Capitalized legal fees to royalty interest		(107,000)		-
Due to related parties, end of year		23,898		1,119,523
Change in due to related parties	$	113,273	$	863,535

9. MANAGEMENT OF FINANCIAL RISK

(a) Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Fair Value of Financial Instruments

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

9. MANAGEMENT OF FINANCIAL RISK (cont'd)

- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

The carrying values, fair market values, and fair value hierarchical classification of the Company's financial instruments are as follows:

The fair value of all financial instruments approximates their carrying value due to either their short-term maturity and/or capacity of prompt liquidation. However, due to liquidity risk the fair value of accounts payable and accrued liabilities is less than carrying value.
The Company does not have any financial instruments that are measured using level 1, 2 or level 3 inputs.

During the year ended December 31, 2017 and 2016 there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

(c) Credit Risk

Credit risk is the risk of potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash held by Barbadian financial entities and the Advances under the GRR Agreement. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

The Company limits its exposure to credit risk on liquid financial assets through investing its cash and cash equivalents with high-credit quality financial institutions and advances under asset secured royalty agreements.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. Accounts payable and accrued liabilities of $197,874 and due to related parties of $23,898 are due in the first quarter of fiscal 2018. The Company is dependent upon securing additional financing or continued support from Marlin (see note 1).

(Expressed in United States Dollars)

9. MANAGEMENT OF FINANCIAL RISK (cont'd)

(e) Market Risk

(i) Foreign Currency Risk

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company operates in one country. As a result, the Company is not significantly exposed to fluctuation in exchange rates and foreign currency risk.

At December 31, 2017 and 2016, the Company's exposure to foreign currency risk is as follows:

	December 31, 2017	December 31, 2016
	CAD	CAD
Accounts payable and accrued liabilities	79,250	-
Due to related parties	30,000	-

The following year end Candadian dollar exchange rates have been applied versus the United States dollar at December 31st:

	2017	2016
USD	0.79659	-

Had the Canadian Dollar foreign exchange rates strengthened against the United States dollar by 1%, with all other variables remaining constant, the change in net income would have been insignificant. A weakening of 1% in the Canadian Dollar against the United States dollar, with all other variables held constant, would have had an equal but opposite effect.

(ii) Interest Rate Risk

The interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk on the Advances and Due to related parties is limited as the interest rates are fixed.

10. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support its royalty and streaming agreements. The Company considers its capital under management to consist of cash and cash equivalents, royalty interest, advances, share capital, contributed surplus and due to related parties. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

10. CAPITAL MANAGEMENT (Cont'd)

The Company's objectives of capital management are intended to ensure the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue its obligations under the royalty and streaming agreements, and support any expansionary plans.

To effectively manage the entity's capital requirements, the Company has secured financing and continued support from Marlin to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company may finance its royalty and streaming agreements through cash flows from operations or additionally from the majority shareholder.

The Board of Directors reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2017 and 2016.

11. SEGMENT INFORMATION

As at December 31, 2017, the Company has one business segment, the acquiring of royalty and streaming agreements.

12. EVENTS AFTER THE REPORTING PERIOD

On January 31, 2018, the Company appointed Michael Starogiannis as an additional director to the board.

On April 24, 2018, the Company issued 900,000 common shares options to the Chief Executive Officer and 300,000 common shares options to a director of the Company at a price of $0.75 per share.