EQUITORIAL EXPLORATION CORP.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Index

UNIT 114B (2nd floor)
8988 FRASERTON CMYT
BURNABY, BC, V5J 5H8

T: **604.239.0868**
F: **604.239.0866**

AChan

A CHAN AND COMPANY LLP
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of
Equitorial Exploration Corp.

Opinion

We have audited the financial statements of Equitorial Exploration Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and December 31, 2017, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in shareholders' equity for the years ended December 31, 2018 and December 31, 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and December 31, 2017, and its financial performance and its cash flow for the years ended December 31, 2018 and December 31, 2017 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $1,900,865 during the year ended December 31, 2018 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of $9,903,715 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement practitioner on the audit resulting in this independent auditors’ report is Anthony Chan, CPA, CA.

“A Chan & Company LLP”
Chartered Professional Accountant

Unit# 114B (2nd floor) – 8988 Fraserton Court
Burnaby, BC, Canada V5J 5H8
April 26, 2019

Equitorial Exploration Corp.
Statements of Financial Position
(Expressed in Canadian dollars)

		December 31 2018		December 31 2017
ASSETS				
Current				
Cash and cash equivalents	**$**	**11,846**	$	7,411
Accounts receivable (Note 5)		**3,657**		42,481
Prepaid expenses (Note 9)		**500**		18,035
		16,003		67,927
Non-current assets				
Mineral properties (Note 6)		**689,689**		1,193,780
Total assets	**$**	**705,692**	$	1,261,707
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable	**$**	**197,690**	$	162,515
Accrued liabilities		**44,639**		45,004
Due to related parties (Note 9)		**85,280**		6,825
		327,609		214,344
Shareholders' equity				
Share capital (Note 7)		**9,163,682**		8,021,856
Contributed surplus (Note 8)		**1,118,116**		1,028,357
Deficit		**(9,903,715)**		(8,002,850)
		378,083		1,047,363
	$	**705,692**	$	1,261,707

Nature of Operations (Note 1)
Subsequent Event (Note 13)

Approved on behalf of the Board on April 26th, 2019

"Patrick Power"
Signed

"Binny Jassal"
Signed

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

Equitorial Exploration Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the Years Ended December 31	**2018**	2017
Expenses		
Accounting and audit (Note 9)	**$ 63,300**	$ 61,000
Bank charges	**2,005**	1,087
Consulting fees (Note 9)	**503,735**	655,236
Exploration expenses (Note 6)	**200,455**	55,337
Filing fees	**15,836**	21,201
Legal	**24,939**	57,778
Office expenses	**7,192**	20,518
Rent (Note 9)	**14,822**	16,230
Share based compensation	**386,956**	638,168
Shareholders' information	**153,189**	343,582
Transfer agent fees	**7,697**	9,185
Travel	**16,655**	36,994
	1,396,781	1,916,316
Net loss before other income (expense)	**(1,396,781)**	(1,916,316)
Other income (expense)		
Interest income	**7**	20
Write off of resources property (Note 6 (b))	**(504,091)**	-
Impairment of investment in subsidiaries (Note 2)	**-**	(586,504)
Loss on disposal of marketable securities (Note 10)	**-**	(1,258,099)
Gain on de-recognition of assets and liabilities from subsidiaries (Note 2)	**-**	672,789
Gain on settlement of debts	**-**	89,975
Loss and comprehensive loss for the year	**$ (1,900,865)**	$ (2,998,135)
Loss per share – basic and diluted	**$ (0.02)**	$ (0.05)
Weighted average number of shares outstanding	**76,537,376**	63,397,352

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

Equitorial Exploration Corp.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Shares	Share Capital & Shares subscribed	Contributed Surplus	Deficit	Shareholders' Equity	Non-controlling interest
Balance, December 31, 2016	**58,252,571**	**$ 6,798,995**	**$ 628,512**	**$ (5,004,715)**	**$ 2,422,792**	**$ 80,652**
Shares issued pursuant to property agreement (Note 6 (a))	2,000,000	150,000	-	-	150,000	-
Shares issued pursuant to exercise of stock options	5,750,000	398,250	-	-	398,250	-
Fair value of stock options exercised	-	335,511	(335,511)	-	-	-
Shares issued pursuant to exercise of warrants	1,041,000	104,100	-	-	104,100	-
Fair value of stock options granted	-	-	638,168	-	638,168	-
Shares issued pursuant to property agreement (Note 6 (b))	2,500,000	162,500	-	-	162,500	-
Shares issued pursuant to property agreement (Note 6 (c))	500,000	72,500	-	-	72,500	-
Fair value of warrants as per property agreement (Note 6 (a))	-	-	97,188	-	97,188	-
Deconsolidation of subsidiaries	-	-	-	-	-	(80,652)
Loss for the year	-	-	-	(2,998,135)	(2,998,135)	-
Balance December 31, 2017	**70,043,571**	**8,021,856**	**1,028,357**	**(8,002,850)**	**1,047,363**	**-**
Private placements – net of shares issuance cost	6,342,260	503,930	-	-	503,930	-
Shares issued pursuant to exercise of stock options	4,015,000	340,699	-	-	340,699	-
Fair value of stock options granted (Note 8)	-	-	386,956	-	386,956	-
Fair value of stock options exercised	-	297,197	(297,197)	-	-	-
Loss for the year	-	-	-	(1,900,865)	(1,900,865)	-
Balance December 31, 2018	**80,400,831**	**$ 9,163,682**	**$ 1,118,116**	**$ (9,903,715)**	**$ 378,083**	**$ -**

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

Equitorial Exploration Corp.
Statements of Cash Flows
(Expressed in Canadian dollars)

For the Years Ended December 31		2018		2017
Cash flows from (used in)				
Operating activities				
Loss for the year	**$**	**(1,900,865)**	$	(2,998,135)
Items not affecting cash:				
Gain on de-recognition of assets and liabilities from subsidiaries		**-**		(672,789)
Gain on settlement of debts		**-**		(89,975)
Share based compensation		**386,956**		638,168
Loss on disposal of marketable securities		**-**		1,258,099
Write off of resources property		**504,091**		-
Write off of investments in subsidiaries		**-**		586,504
		(1,009,818)		(1,278,128)
Changes in non-cash working capital items:				
(Increase) decrease in accounts receivable		**38,824**		(33,772)
(Increase) decrease in prepaid expenses		**17,535**		49,934
Increase (decrease) in accounts payable and accrued liabilities		**34,810**		11,570
Net cash used in operating activities		**(918,649)**		(1,250,396)
Investing activities				
Cash transferred out upon disposal of subsidiaries		**-**		(3)
Marketable securities		**-**		944,024
Due to a related party		**78,455**		6,825
Resource property acquisition costs		**-**		(281,592)
Net cash provided from investing activities		**78,455**		669,254
Financing activities				
Common shares issued through private placements		**507,381**		-
Shares issuance cost		**(3,451)**		-
Exercise of stock options		**340,699**		398,250
Exercise of stock warrants		**-**		104,100
Net cash provided from financing activities		**844,629**		502,350
Change in cash during the year		**4,435**		(78,792)
Cash, beginning of the year		**7,411**		86,203
Cash, end of the year	**$**	**11,846**	$	7,411
Interest paid	**$**	**-**	$	-
Income tax paid	**$**	**-**	$	-
Shares issued for acquisition of mineral properties	**$**	**-**	**$**	385,000

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Equitorial Exploration Corp. (the "Company" or "Equitorial") was incorporated on September 21, 2010 under the laws of the British Columbia Business Corporations Act. The Company was listed on TSX Venture Exchange (the "TSX-V) on July 14, 2011. The address of its registered head office is Suite 1400 -1111 West Georgia St., Vancouver, British Columbia, Canada.

The Company is in the process of exploring its resource properties and has not determined whether these properties contain mineral reserves which are economically recoverable. The recoverability of amounts shown for exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production from the property or proceeds from its disposition.

Since 2016, the Company has voluntarily chosen not to continue its corporate registration with the authority for its subsidiaries in Columbia and Panama and as a result, these financial statements have de-recognized all of its assets and liabilities from its subsidiaries in Columbia and Panama at its year-end date of December 31, 2017.

At December 31, 2018, the Company had working capital deficiency of $(311,606) (December 31, 2017 - (deficiency) $146,417), had not yet achieved profitable operations, has accumulated losses of $9,903,715 (December 31, 2017 - $8,002,850) since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned work program on its mineral properties, meet its on-going levels of corporate overhead, keep its property in good standing and discharge its liabilities as they come due. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. The Company is seeking financial resources to undertake its currently planned work programs and has been successful in the past in obtaining financing. However, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these financial statements.

2. BASIS OF PRESENTATION

(a) Statement of compliance and principles of consolidation

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Prior to its year ended December 2016, the Company's consolidated financial statements include the statements of financial positions of the Company and of the entity it controls, its 60%-owned subsidiaries, Equitorial Exploration International Corp., Equitorial Exploration Colombia Corp. and Equitorial Exploration Colombia S.A.S. However, all the assets and liabilities belonged to the above entities that the Company has no longer control of have been de-consolidated as at December 31, 2017. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity as to obtain benefits from its activities. All significant inter-company balances and transactions, if exist, have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

These financial statements have been prepared on a historical cost basis except for financial instruments, which are measured at fair value. All financial information in these financial statements is presented in Canadian dollars.

(b) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less and which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts. Cash may also be invested in guaranteed investment certificates that are available on demand by the Company for its program. The Company does not invest in any asset-backed deposits/investments.

(c) Foreign currency translation

The functional currency of the Company, as determined by management, is the Canadian dollar and this is also the currency in which it presents these financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the statement of operation and comprehensive operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(d) Impairment of tangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, 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 an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(e) Deferred income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Deferred income taxes (continued)

expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(f) Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at December 31, 2018 and 2017, the Company has no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

(g) Share based payments

The Company operates an employee stock option plan. Share based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(h) Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the net income (loss) available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. For the period presented, dilutive loss per share is equal to basic loss per share.

(i) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include valuation of share-based payments and recognition of deferred income tax amounts, determination of functional currency and provision for restoration, rehabilitation and environmental costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Significant accounting judgments and estimates (continued)

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Site decommissioning obligations

The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

(j) Mineral properties

The Company charges to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves. These costs would also include periodic fees such as license and maintenance fees.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments

Effective January 1, 2018, the Company has adopted IFRS 9 Financial Instruments ("IFRS 9") which replaced IAS 39 Financial Instruments and elected to use the exemption to not restate comparative information for prior periods. Prior periods were not restated and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement, and there were no quantitative impacts from adoption on the Company's audited financial statements.

As a result of the adoption of IFRS 9, The Company's accounting policy for financial instruments under IFRS 9 has been updated as follows:

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified at FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified and measured at:

(i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL). All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. The classification determines the method by which financial assets are carried on the balance sheet subsequent to inception and how changes in value are recorded. Cash and cash equivalents, and accounts receivable are measured at FVTPL with subsequent impairments recognized in the statements of operations and comprehensive loss. Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. Financial liabilities, other than financial liabilities classified as FVTPL, are measured in subsequent periods at amortized cost using the effective interest method. Accounts payable and due to related parties are classified as other financial liabilities and carried on the balance sheet at amortized cost.

Impairment and uncollectibility 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. A financial asset is considered impaired if objective evidence that can be estimated reliably indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If a financial asset measured at amortized cost is impaired, an amount equal to the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate is recognized as an impairment loss in the statement of loss and comprehensive loss. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Reversals of impairment charges are recognized in the statements of loss and comprehensive loss in the period in which they occur.

Impact of change in accounting policy

Upon initial application of IFRS 9, there is no impact to the audited financial statements as of the date of initial application. Under IFRS 9, the Company's financial instruments are classified and subsequently measured as follows: cash and cash equivalents and accounts receivable are valued at FVTPL, accounts payable and due to related parties are valued at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(m) Investment in Associates

Associates are entities over which the Company has significant influence, but not control. The financial results of the Company's investments in its associates are included in the Company's results according to the equity method. Subsequent to the acquisition date, the Company's share of profits or losses of associates are recognized in the statements of income (loss).

The Company assesses at each period-end whether there is any objective evidence that its interests in associates are impaired. If the interests are impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less cost to sell and value in use) and charged to the statements of income (loss).

(n) Accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRS Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2019, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 16 *Leases* (“**IFRS 16**”), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and nonlease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12-months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15. The Company does not expect the implementation of this new standard will have any significant impact to its financial statements.

4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES

(a) Fair value of financial instruments

The Company’s financial instruments at December 31, 2018 consist of cash and cash equivalents, accounts receivables, accounts payables and due from/to related parties. Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The carrying values of accounts receivables, accounts payables and due from/to related parties approximate their fair values because of their nature and respective maturity dates or durations.

The fair value of the Company’s financial instruments has been classified within the fair value hierarchy as at December 31, 2018 as follows:

4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES (continued)

(a) Fair value of financial instruments (c0ntinued)

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents	$ 11,846	$ -	$ -	$ 11,846
	$ 11,846	**$ -**	**$ -**	**$ 11,846**

(b) Risk Management

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal. The Company's receivables consist of mostly GST receivable due from the Federal Government of Canada. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, and cash and cash equivalent holdings. As the Company does not have operating cash flow and the Company has relied primarily on equity financings to meet its capital requirements.

Foreign currency risk

The Company's functional currency is the Canadian dollar and it transacts major purchases in Canadian dollars and US dollars. In the past years, to fund exploration expenses, it maintains a US dollars-denominated bank accounts containing sufficient funds to support monthly forecasted cash outflows. After the deconsolidation of its foreign subsidiaries, its major transactions are in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is minimal and therefore does not hedge its foreign exchange risk.

Commodity price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES (continued)

(c) Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimises the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes cash, debt and the components of shareholders' equity. 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 future development of the business.

The Company manages the capital structure and adjusts to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, and acquire or dispose of assets.

The Company is dependent on the capital markets as its sole source of operating capital. The Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to those markets, and by its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. However, it is subject to any regulations and rules imposed by the TSX Venture Exchange in issuing and/or maintaining debt or equity financings. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

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

5. ACCOUNTS RECEIVABLE

		December 31 2018		December 31 2017
GST receivable	$	**3,657**	$	7,981
Subscription receivable		**-**		34,500
	$	**3,657**	$	42,481

6. MINERAL PROPERTIES

(a) On July 25th, 2016 the Company purchased from Strategic Metals Ltd. ("Stragtegic") 100% interest of the Li Property, which is located in the North West Territories.

As consideration of the purchase and sale, the Company has issued to Strategic 5,000,000 common shares of the Company on the closing date; and paid $100,000 towards expenditures required for the 2016 work program on the Property and grant a 2% NSR Royalty to Strategic. The Company will have the right to buy down half of the NSR Royalty (equal to 1% of the Net Smelter Returns) in consideration for $2,000,000. Within one year of the closing date, the Company would issue to Strategic 2,500,000 common shares (issued) of the Company and 2,500,000 common share purchase warrants (issued) of the Company; with each warrant entitling Strategic to purchase one common share of the Company at a price of $0.10 per share for a period of 24 months from the date of issue of the warrants. The company has also issued 500,000 shares as finder's fee.

(b) On February 17, 2017, the Company acquired 100% interest in the Tule Valley Lithium Brine project in Utah and the Gerlach (San Emidio Desert) Lithium Brine properties from Umbral Energy Corp ("Umbral").

As per the agreement, the Company paid the sum of $50,000 on execution of this agreement and had issued 2,000,000 common shares in consideration for the assignment of the underlying agreement. The Company will assume a final payment of $100,000 (paid) to the underlying owner and Umbral will issue 1,500,000 shares for 100% interest in the properties. There is a 2% NSR in favour of the underlying owner.

The Company currently does not have any plans to further exploring this property, therefore the management has written-off the associated acquisitions costs in relation to this property on December 31, 2018.

(c) On October 24, 2017, the Company has been granted an exclusive option to acquire a 100% recorded and beneficial interest in 3 claims (Catail Claims).

As per the agreement, the Company has paid the sum of $25,000 on execution of this agreement and has issued 500,000 common shares in consideration for the assignment of the underlying agreement to W.S. Ferreira Ltd. ("Ferreira")

The Company will assume further payments:

- on or before December 31, 2018, make a cash payment of CDN$25,000 to Ferreira (not yet paid); and
- on or before December 31 ,2018, a work commitment of $5,000 to earn 100% interest in the property;

A 2% Gross Overriding Royalty, "GOR" shall be granted to Ferreira. The Company shall have the right to purchase a 1% GOR from Ferreira at any time prior to production for CDNS1,000,000 leaving Ferreira with a 1% retained GOR.

The Company is currently in default of the option agreement as result of failing to make the option payment of $25,000 on or before December 31, 2018. The Company is currently negotiating with Ferreira to continue with the option agreement. The management of the Company has written down the acquisition cost of this optioned property down to $1 and will reverse this write down in the future once the option agreement is back in good standing.

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES (continued)

During the year ended December 31, 2018, the Company incurred property acquisition costs as follows:

	USA Tule Valley Utahs $	Canada Li Property $	Canada Cat Property $	Total $
Mineral properties				
Balance, December 31, 2016	-	430,000	-	430,000
Acquisition costs incurred during the year	406,592	259,688	97,500	763,780
Balance, December 31, 2017	406,592	689,688	97,500	1,193,780
Acquisition costs incurred during the year	-	-	-	-
Written-off	(406,592)	-	(97,499)	(504,091)
Balance, December 31, 2018		**689,688**	**1**	**689,689**

During the year ended December 31, 2017, the Company incurred property acquisition costs as follows:

	USA Tule Valley Utahs $	Canada Li Property $	Canada Cat Property $	Total $
Mineral properties				
Balance, December 31, 2015	-	-	-	-
Acquisition costs incurred during the year	-	430,000	-	-
Balance, December 31, 2016	-	430,000	-	430,000
Acquisition costs incurred during the year	406,592	259,688	97,500	763,780
Written-off	-	-	-	-
Balance, December 31, 2017	**406,592**	**689,688**	**97,500**	**1,193,780**

During the year ended December 31, 2018, the Company incurred exploration expenditures as follows:

	Canada Li Property $	**Canada Cat Property $**	**Total $**
Exploration and related expenditures			
Drilling	-	142,639	142,639
Travel	-	2,026	2,026
Consulting	4,134	31,978	36,112
Assays	1,735	11,909	13,644
Others	-	6,034	6,034
Total exploration expenditure	**5,869**	**194,586**	**200,455**

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES (continued)

During the year ended December 31, 2017, the Company incurred exploration expenditures as follows:

	Canada Tule Valley Property	Canada Li Property	Canada Cat Property	Total
	$	$	$	$
Exploration and related expenditures				
Travel	-	4,892	-	4,892
Field and camp	-	1,230	-	1,230
Consulting	-	33,874	1,600	35,474
Assays	-	3,001	-	3,001
Others	10,740	-	-	10,740
Total exploration expenditure	**10,740**	**42,997**	**1,600**	**55,337**

7. SHARE CAPITAL

(a) The Company issued shares as follows:

During the year ended December 31, 2018

i On June 12, 2018, the Company completed a private placement of 6,342,260 units at a price of $0.08 per unit for gross proceeds of $507,381 and paid share issuance costs of $3,451. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of $0.12 for a period of two years.

ii During the year ended December 31, 2018, the Company issued 4,015,000 shares for a gross proceed of $340,699 pursuant to an exercise of stock options.

During the year ended December 31, 2017

i During the year ended December 31, 2017, the Company issued 2,000,000 shares at a fair value of $150,000 pursuant to a property acquisition agreement. (See Note 6 (b)).

ii During the year ended December 31, 2017, the Company issued 5,750,000 shares for a gross proceed of $398,250 pursuant to an exercise of stock options with fair value of $335,511 being reallocated from contributes surplus to share capital.

iii During the year ended December 31, 2017, the Company issued 1,041,000 shares for a gross proceed of $104,100 pursuant to an exercise of warrants.

iv During the year ended December 31, 2017, the Company issued 2,500,000 shares at a fair value of $162,500 pursuant to a property acquisition agreement. (See Note 6 (a)).

v During the year ended December 31, 2017, the Company issued 500,000 shares at a fair value of $72,500 pursuant to a property option agreement. (See Note 6 (c)).

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

(b) Stock options

(i) As at December 31, 2018, the Company had stock options outstanding and exercisable enabling holders to acquire the following:

Number of Shares	Exercise Price	Expiry Date
200,000	$0.12	May 24, 2023
25,000	$0.275	April 9, 2019
600,000	$0.09	November 25, 2020
1,100,000	$0.055	January 27, 2022
1,000,000	$0.08	November 13, 2022
800,000	$0.085	November 13, 2022
1,100,000	$0.08	April 26, 2023
450,000	$0.06	July 19, 2023
5,275,000		

(ii) A summary of the status of the Company's stock options as at December 31, 2018 and 2017 and changes during those years are presented below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life Years
Balance, December 31, 2016	1,600,000	$0.13	4.55
Granted	10,150,000	0.07	-
Exercised	(5,750,000)	(0.07)	-
Expired/Cancelled	(500,000)	(0.07)	-
Balance, December 31, 2017	5,500,000	$0.08	4.46
Granted	5,465,000	0.08	-
Exercised	(4,015,000)	(0.08)	-
Expired/Cancelled	(1,675,000)	(0.09)	-
Balance December 31, 2018	**5,275,000**	**$0.08**	**3.64**

(c) share purchase warrants

(i) As at December 31, 2018, the Company had warrants outstanding enabling holders to acquire the following:

Number of Shares	Exercise Price	Expiry Date
2,700,000	$0.20	July 27, 2020
997,106	$0.20	August 25, 2020
6,342,260	$0.12	June 12, 2020
10,039,366		

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

(c) share purchase warrants (continued)

(ii) A summary of the Company's issued and outstanding share purchase warrants as at December 31, 2018 and 2017 and changes during those periods are presented below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life - Years
Balance, December 31, 2016	15,432,103	$0.14	1.40
Granted	2,500,000	0.10	1.64
Exercised	(1,041,000)	(0.10)	(0.82)
Expired	(10,693,997)	(0.12)	(0.70)
Balance, December 31, 2017	6,197,106	$0.16	2.21
Granted	6,342,260	$0.12	-
Exercised	-	-	-
Expired	(2,500,000)	$0.10	-
Balance December 31, 2018	**10,039,366**	**$0.15**	**1.19**

8. CONTRIBUTED SURPLUS

The following table reconciles the Company's reserve for warrants and options:

Balance, December 31, 2016	$ 628,512
500,000 options granted @ $0.05	20,338
500,000 options granted @ $0.07	31,880
1,300,000 options granted @ $0.055	70,818
1,100,000 options granted @ $0.10	100,370
350,000 options granted @ $0.105	33,584
2,500,000 warrants granted @ $0.06	97,188
3,600,000 options granted @ $0.06	179,500
Fair value of 5,750,000 options exercised	(335,511)
2,000,000 options granted @ $0.08	144,196
800,000 options granted @ $0.085	57,482
Balance, December 31, 2017	$ 1,028,357
1,000,000 options granted @ $0.10	90,136
1,000,000 options granted @ $0.09	81,122
2,615,000 options granted @ $0.08	175,366
850,000 options granted @ $0.06	40,332
Fair value of 4,015,000 options exercised	(297,197)
Balance, December 31, 2018	**$ 1,118,116**

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 granted to directors, senior officers, employees, and consultants vest fully upon the expiry of the hold period of four months from the award date. Options granted to consultants performing investor relations activities vest over a period of time.

(Expressed in Canadian dollars)

8. CONTRIBUTED SURPLUS (continued)

During the year ended December 31, 2018, the Company has recognized $386,956 (December 31, 2017 - $638,168) in compensation upon issuance 5,465,000 stock options (December 31, 2017 – 10,150,000). The fair values of these options were determined using the Black-Scholes option pricing model with the following assumption:

	December 31, 2018	December 31, 2017
Risk-free interest rate	**1.64 % - 2.17%**	0.94 % - 1.78%
Experienced life of options	**5 years**	5 years
Annualized volatility	**109.61% - 145.93%**	145.83% - 152.31%
Dividend rate	**-**	-

9. RELATED PARTY TRANSACTIONS

(a) During the year ended December 31, 2018, the Company incurred consulting fees of $90,500 (December 31, 2017: $120,000) with directors, companies owned by directors and a company by common directors.

As at December 31, 2018, $85,280 (December 31, 2017 - $6,825) was owing to companies controlled by directors and officers of the Company.

(b) During the year ended December 31, 2018, payment of rent of $6,000 (December 31, 2017: $6,000) pertains to rent paid to a company related by a common officer for shared office premises. In addition, payment of $nil (December 31, 2017: $10,230) was also paid to CEO of the Company for additional office spaces sharing with his office.

(c) During the year ended December 31, 2018, the Company incurred accounting fees of $48,000 (December 31, 2017: $46,000) with an officer of the Company. As at December 31, 2018, $32,000 (December 31, 2017 - $Nil) was owing to this officer as accrued liabilities.

(d) As at December 31, 2018, prepaid expenses include $nil (December 31, 2017: $16,910) to CEO and president of the Company.

The amounts due from or to the related parties are unsecured and without interest or stated terms of repayment. All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

10. MARKETABLE SECURITIES

As at December 31, 2015, the Company was entitled to 43,183,232 common shares of Iberian Minerals Limited ("Iberian"), a public company trading on TSX-Venture, as result of disposing of a former investment in Mineworx Technologies Inc. These Iberian shares recognized as marketable securities are classified as financial assets through profit-and-loss.

During the year ended December 31, 2017, the Company sold 8,941,000 shares of Iberian (December 31, 2016 – 34,242,000) for the net proceeds of $686,633 (December 31, 2016 – 1,768,663). The Company incurred a total loss on disposal of these Iberian shares of $207,471, including the cost of the remaining 232 shares of Iberian at December 31, 2017, which has limited marketability.

(Expressed in Canadian dollars)

10. MARKETABLE SECURITIES (continued)

On March 11, 2016, the Company entered into an agreement with Mag One Products Inc. ("Mag One"), in which Mag One has granted the Company a first right to a 50/50 JV to fund equally the construction of the first magnesium and refining production facility for use by Mag One to produce magnesium metal and related products, by using its proprietary magnesium metal technology upon the Company completing its investment of $1,500,000 to Mag One. The terms of the JV shall be set out in a formal JV agreement once the Investment is in place.

During the year ended December 31, 2016, the Company subscribed and acquired 1,111,111 units of Mag One at $0.90 through private placement for total cost of $1,000,000 for investment purposes. Each unit consists of one common share and one share purchase warrant exercisable at $1.10 per share for one year. Shares of Mag One were financial assets at fair value through profit or loss, and were measured at their quoted fair market value. The fair value of 1,111,111 warrants was established by using the valuation technique, the Black Scholes Option Pricing Model. Assumptions used in the option pricing model were as follows: average risk free interest rate – 0.63% to 0.73%; expected life – 0.38 year to 1 year; expected volatility – 60.77% to 93.80%; and expected dividends – nil.

During the year ended December 31, 2017, the Company has sold all of the Mag One shares and incurred a total loss of $1,050,628. All 1,111,111 Mag One warrants have been expired during the year ended December 31, 2017.

11. SEGMENTED INFORMATION

The Company conducts all of its operations in acquisition, exploration and development of mineral properties. The geographical division of the Company's total assets are as follows:

Assets	**December 31, 2018**	December 31, 2017
Canada	**$ 705,692**	$ 855,115
USA	**-**	406,592
Total	**$ 705,692**	$ 1,261,707

12. INCOME TAX

A reconciliation of income taxes at the statutory rate with the reported taxes follows:

	2018	2017
Loss for the year	$ (1,900,865)	$ (2,998,135)
Income tax recovery at statutory rate of 26% (2017: 26%)	(494,225)	(779,515)
Deductible & non-deductible items	(331,771)	608,885
Expiry of non-capital loss	-	157,040
Effect of tax rate changes and differences	-	-
Current and prior tax attributes not recognized	825,996	13,590
	-	-

(Expressed in Canadian dollars)

12. INCOME TAX (continued)

Details of deferred tax assets are as follows:

		2018		2017
Deferred tax assets (net of liability)				
Non-capital and capital losses	$	1,533,994	$	880,184
Mineral properties		469,300		286,118
Share issuance costs and other		5,297		16,293
Investment in marketable securities		-		-
Unrecognized deferred tax assets		(2,008,591)		(1,182,595)
	$	-	$	-

At December 31, 2018, the Company has non-capital losses carried forward for Canadian income tax purposes totalling approximately $5,029,000, expiring in various periods from 2030 to 2038. At December 31, 2018, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

13. SUBSEQUENT EVENT

(a) The Company announced that it intends to raise up to $500,000 by way of a non-brokered unit private placement (the “Offering”) of 16,666,666 units at a unit price of $0.03 (the “Units”), each Unit will consist of one common share at a purchase price of $0.03 and one share purchase warrant entitling the holder to purchase one additional common share, up to a total of 16,666,666 warrant shares, at a warrant exercise price of $0.05 exercisable 24 months from the date of closing.