

EQUITORIAL EXPLORATION CORP.

INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

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NOTICE – NO Auditor Review of the Interim Financial Statements

The accompanying unaudited interim financial statements of Equitorial Exploration Corp. (“the Company”), for the three months ended March 31, 2019 have been prepared by management and have not been the subject of a review by the Company’s external independent auditor.

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

	March 31 2019	December 31 2018
ASSETS		
Current		
Cash and cash equivalents	\$ 11,003	\$ 11,846
Accounts receivable (Note 5)	3,088	3,657
Prepaid expenses	-	500
	<u>14,091</u>	<u>16,003</u>
Non-current assets		
Mineral properties (Note 6)	<u>689,689</u>	<u>689,689</u>
Total assets	<u>\$ 703,780</u>	<u>\$ 705,692</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable	\$ 280,430	\$ 197,690
Accrued liabilities	18,126	44,639
Due to related parties (Note 9)	<u>82,850</u>	<u>85,280</u>
	<u>381,406</u>	<u>327,609</u>
Shareholders' equity		
Share capital (Note 7)	9,163,682	9,163,682
Contributed surplus (Note 8)	1,118,116	1,118,116
Deficit	<u>(9,959,424)</u>	<u>(9,903,715)</u>
	<u>322,374</u>	<u>378,083</u>
	<u>\$ 703,780</u>	<u>\$ 705,692</u>

Nature of Operations (Note 1)
Subsequent Event (Note 11)

Approved on behalf of the Board on May 10th, 2019

"Patrick Power"
Signed

"Binny Jassal"
Signed

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

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

For the Periods Ended March 31	2019	2018
Expenses		
Accounting and audit (Note 9)	\$ 15,000	\$ 12,000
Bank charges	53	138
Consulting fees (Note 9)	24,750	39,750
Exploration expenses (Note 6)	-	148,683
Filing fees	5,950	5,500
Legal	5,125	3,500
Office expenses	1,669	1,457
Rent (Note 9)	1,500	1,500
Share based compensation	-	171,258
Shareholders' information	-	40,124
Transfer agent fees	1,028	1,934
Travel	634	39
	<u>55,709</u>	<u>425,883</u>
Net loss before other income (expense)	(55,709)	(425,883)
Other income (expense)	-	-
	<u>\$ (55,709)</u>	<u>\$ (425,883)</u>
Loss and comprehensive loss for the period		
	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Loss per share – basic and diluted		
Weighted average number of shares outstanding	80,400,731	71,365,793

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

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

	Number of Shares	Share Capital & Shares subscribed	Contributed Surplus	Deficit	Shareholders' Equity
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
Loss for the period	-	-	-	(55,709)	(55,709)
Balance March 31, 2019	80,400,831	\$ 9,163,682	\$ 1,118,116	\$ (9,959,424)	\$ 322,374

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

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

For the Periods Ended March 31	2019	2018
Cash flows from (used in)		
Operating activities		
Loss for the period	\$ (55,709)	\$ (425,883)
Items not affecting cash:		
Share based compensation	-	171,258
	<u>(55,709)</u>	<u>(254,625)</u>
Changes in non-cash working capital items:		
(Increase) decrease in accounts receivable	569	(21,005)
(Increase) decrease in prepaid expenses	500	(15,250)
Increase (decrease) in accounts payable and accrued liabilities	56,227	74,974
Net cash used in operating activities	<u>1,587</u>	<u>(215,906)</u>
Investing activities		
Due to a related party	(2,430)	27,425
Net cash provided from investing activities	<u>(2,430)</u>	<u>27,425</u>
Financing activities		
Exercise of stock options	-	190,000
Net cash provided from financing activities	<u>-</u>	<u>190,000</u>
Change in cash during the period	(843)	1,519
Cash, beginning of the period	11,846	7,411
Cash, end of the period	\$ 11,003	\$ 8,930

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

Equitorial Exploration Corp.
Notes to the Interim Financial Statements
For the periods ended March 31, 2019 and 2018
(Expressed in Canadian dollars)

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 March 31, 2019, the Company had working capital deficiency of \$(367,315) (December 31, 2018 - (deficiency) \$311,606), had not yet achieved profitable operations, has accumulated losses of \$9,959,424 (December 31, 2018 - \$9,903,715) 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 interim consolidated financial statements, as at and for the three months ended March 31, 2019, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

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

Equitorial Exploration Corp.
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(Expressed in Canadian dollars)

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 March 31, 2019, 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.

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Notes to the Interim Financial Statements
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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.

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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 March 31, 2019 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 March 31, 2019 as follows:

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Notes to the Interim Financial Statements
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4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES (continued)

(a) Fair value of financial instruments (continued)

		Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and cash equivalents	\$	11,003	\$ -	\$ -	11,003
	\$	11,003	\$ -	\$ -	11,003

(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.

Equitorial Exploration Corp.
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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

	March 31 2019	December 31 2018
GST receivable	\$ 3,088	\$ 3,657
	\$ 3,088	\$ 3,657

Equitorial Exploration Corp.
Notes to the Interim Financial Statements
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6. MINERAL PROPERTIES

- (a) On July 25th, 2016 the Company purchased from Strategic Metals Ltd. (“Strategic”) 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 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.

During the period ended March 31, 2019, the Company incurred property acquisition costs as follows:

	USA Tule Valley Utahs \$	Canada Li Property \$	Canada Cat Property \$	Total \$
Mineral properties				
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
Acquisition costs incurred during the year	-	-	-	-
Written-off	-	-	-	-
Balance, March 31, 2019	-	689,688	1	689,689

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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 period ended March 31, 2019, the Company did not incur exploration expenditures on resource property.

During the period ended March 31, 2018, the Company incurred exploration expenditures as follows:

	Canada Li Property \$	Canada Cat Property \$	Total \$
Exploration and related expenditures			
Consulting	3,944	-	3,944
Drilling	-	142,639	142,639
Others	-	2,100	2,100
Total exploration expenditure	3,944	144,739	148,683

7. SHARE CAPITAL

(a) The Company issued shares as follows:

The Company did not issue any share during period ended March 31, 2019.

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.

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7. SHARE CAPITAL (continued)

(b) Stock options

- (i) As at March 31, 2019, 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 March 31, 2019 and December 31, 2018 and changes during those years are presented below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life Years
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
Granted	-	-	-
Exercised	-	-	-
Expired/Cancelled	-	-	-
Balance March 31, 2019	5,275,000	\$0.08	3.39

(c) share purchase warrants

- (i) As at March 31, 2019, 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		

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7. SHARE CAPITAL (continued)

(c) share purchase warrants (continues)

- (ii) A summary of the Company's issued and outstanding share purchase warrants as at March 31, 2019 and December 31, 2018 and changes during those periods are presented below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life - Years
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	1.58
Granted	-	-	-
Exercised	-	-	-
Expired	-	-	-
Balance March 31, 2019	10,039,366	\$0.15	1.33

8. CONTRIBUTED SURPLUS

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

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
Balance, March 31, 2019	\$ 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.

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8. CONTRIBUTED SURPLUS (continued)

During the period ended March 31, 2019, the Company has recognized \$nil (March 31, 2018 - \$171,258) in compensation upon issuance nil stock options (March 31, 2018 – 2,000,000). The fair values of these options were determined using the Black-Scholes option pricing model with the following assumption:

	March 31, 2019	March 31, 2018
Risk-free interest rate	-	0.94 % - 1.78%
Experienced life of options	-	5 years
Annualized volatility	-	145.83% - 152.31%
Dividend rate	-	-

9. RELATED PARTY TRANSACTIONS

- (a) During the period ended March 31, 2019, the Company incurred consulting fees of \$24,000 (March 31, 2018: \$22,500) with directors, companies owned by directors and a company by common directors.

As at March 31, 2019, \$82,850 (December 31, 2018 - \$85,280) was owing to companies controlled by directors and officers of the Company.

- (b) During the period ended March 31, 2019, payment of rent of \$1,500 (March 31, 2018: \$1,500) pertains to rent paid to a company related by a common officer for shared office premises.
- (c) During the period ended March 31, 2019, the Company incurred accounting fees of \$15,000 (March 31, 2018: \$12,000) with an officer of the Company. As at March 31, 2019, \$43,000 (December 31, 2018 - \$32,000) was owing to this officer as accrued liabilities.

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. 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:

	March 31, 2019	December 31, 2018
Assets		
Canada	\$ 703,780	\$ 705,692
USA	-	-
Total	\$ 703,780	\$ 705,692

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11. 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.