



CURRIE ROSE RESOURCES INC.

(An Exploration Stage Enterprise)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

(Stated in \$CAD)

Independent Auditor's Report

To the Shareholders of **Currie Rose Resources Inc.**

Opinion

We have audited the consolidated financial statements of **Currie Rose Resources Inc.** ("the Company"), which comprise the consolidated balance sheets as at December 31, 2018 and December 31, 2017, and the consolidated statements of net loss and comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Currie Rose Resources Inc.** as at December 31, 2018 and December 31, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 audit of the consolidated 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(b) in the consolidated financial statements, which indicates that the Company has a working capital of \$122,733 (2017 – \$332,879), has not yet achieved profitable operations, has accumulated losses of \$16,482,856 (2017 - \$16,158,51) and expects to incur future losses in the development of its business. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), 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.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions. Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

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

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

In preparing the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 consolidated financial statements.

As a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 a 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 auditor's 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 auditor's report. However, future events or condition may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated 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 partner on the audit resulting in this independent auditor's report is Wayne O'Connell.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants

St. Catharines, Ontario
April 30, 2019

CURRIE ROSE RESOURCES INC.

(An Exploration Stage Enterprise)
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2018 AND 2017
(Stated in \$CAD)



	<u>2018</u>	<u>2017</u>
ASSETS		
Current:		
Cash	\$ 193,446	\$ 385,137
Accounts receivable (Note 4)	30,745	31,331
Prepaid expenses	18,106	2,150
	<u>242,297</u>	<u>418,618</u>
Long term:		
Resource properties (Note 5)	1,117,451	577,648
	<u>\$ 1,359,748</u>	<u>\$ 996,266</u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities (Note 6)	\$ 119,564	\$ 85,739
SHAREHOLDERS' EQUITY		
Common shares (Note 8)	16,181,373	15,527,373
Contributed surplus	1,354,528	1,281,537
Share based compensation (Note 9)	125,511	198,502
Warrants (Note 8(b)(ii))	37,002	37,002
Accumulated deficit	(16,482,856)	(16,158,513)
Accumulated comprehensive income	24,626	24,626
	<u>1,240,184</u>	<u>910,527</u>
	<u>\$ 1,359,748</u>	<u>\$ 996,266</u>
Going concern (Note 1(b))		
Commitments (Notes 13 & 13)		
Subsequent events (Note 17)		

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

Approved on behalf of the Board:

"Michael Griffiths" Director

"Stephen Coates" Director

CURRIE ROSE RESOURCES INC.
(An Exploration Stage Enterprise)
**CONSOLIDATED STATEMENTS OF NET LOSS AND
COMPREHENSIVE LOSS**
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Stated in \$CAD)

	<u>2018</u>	<u>2017</u>
Expenses		
Management fees	\$ 192,000	\$ 118,200
Professional fees	36,121	39,943
Listing fees and shareholder information	32,757	34,554
Consulting fees	27,200	94,486
Travel	21,925	51,992
Office and general	13,908	18,440
Loss on foreign exchange	432	1,088
Interest (Note 7)	-	3,470
Occupancy costs	-	3,000
Share based payments	-	9,608
Loss on sale of marketable securities	-	165
	<u>324,343</u>	<u>374,946</u>
Net loss and comprehensive loss	<u>\$ (324,343)</u>	<u>\$ (374,946)</u>
Basic loss per share (Note 8(e))	<u>\$ (0.010)</u>	<u>\$ (0.024)</u>

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

CURRIE ROSE RESOURCES INC.
(An Exploration Stage Enterprise)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Stated in \$CAD)

	Note	Common shares Number	Common shares Amount	Contributed surplus	Warrants	Share based payments	Accumulated deficit	Accumulated other comprehensive income	Total
As at January 1, 2017		35,701,309	\$ 14,981,851	\$ 1,183,235	\$ -	\$ 287,196	\$ (15,783,567)	\$ 24,626	\$ 693,341
Net loss and comprehensive loss for year		-	-	-	-	-	(374,946)	-	(374,946)
Share consolidation	8(a)	(21,420,785)	-	-	-	-	-	-	-
Share based payments	9(b)	-	-	-	-	9,608	-	-	9,608
Proceeds on private placement		11,650,480	545,522	-	37,002	-	-	-	582,524
Stock options cancelled	9(a)	-	-	98,302	-	(98,302)	-	-	-
As at December 31, 2017		25,931,004	15,527,373	1,281,537	37,002	198,502	(16,158,513)	24,626	910,527
Net loss and comprehensive loss for year		-	-	-	-	-	(324,343)	-	(324,343)
Shares issuance re Rossland Project acquisition	5(2)(e), 8(c)	2,000,000	154,000	-	-	-	-	-	154,000
Proceeds on private placement	8(d)(i)	10,000,000	500,000	-	-	-	-	-	500,000
Finders' fee on private placement paid in shares	8(d)(iii)	500,000	25,000	-	-	-	-	-	25,000
Share issue expenses	8(d)(iii)	-	(25,000)	-	-	-	-	-	(25,000)
Stock options expired	9(a)	-	-	72,991	-	(72,991)	-	-	-
As at December 31, 2018		38,431,004	\$ 16,181,373	\$ 1,354,528	\$ 37,002	\$ 125,511	\$ (16,482,856)	\$ 24,626	\$ 1,240,184

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

CURRIE ROSE RESOURCES INC.
(An Exploration Stage Enterprise)
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Stated in \$CAD)

	2018	2017
Operating activities		
Net loss for year	\$ (324,343)	\$ (374,946)
Add (deduct) items not affecting cash		
Share based compensation	-	9,608
Loss on sale of marketable securities	-	165
	(324,343)	(365,173)
Change in non-cash working capital items		
Accounts receivable	25,586	(27,075)
Prepaid expenses	(15,956)	14,750
Accounts payable and accrued liabilities	48,825	18,212
	(265,888)	(359,286)
Investing activities		
Resource property additions	(385,803)	-
Proceeds on sale of marketable securities	-	1,185
	(385,803)	1,185
Financing activities		
Proceeds from issuance of common shares and warrants	460,000	482,524
Repayment of loans payable - related parties	-	(58,600)
	460,000	423,924
Change in cash	(191,691)	65,823
Cash, beginning of year	385,137	319,314
Cash, end of year	\$ 193,446	\$ 385,137
Non-cash transactions:		
Common shares issued re Rossland Project acquisition (Note 8(c))	\$ 154,000	\$ -
Shares issued re finders' fee on private placement (Note 8(d)(iii))	25,000	-
Share issue costs paid in shares (Note 8(d)(iii))	25,000	-
Share subscription receivable re common shares issued (Note 4)	25,000	-
Loans payable - related parties settled by issuance of common shares (Note 7)	-	100,000
Accounts payable settled in shares	15,000	-

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

CURRIE ROSE RESOURCES INC.

(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

(Stated in \$CAD)

1. NATURE OF OPERATIONS AND GOING CONCERN

(a) Nature of operations

Currie Rose Resources Inc. ("Currie Rose" or the "Company") was incorporated under the Canada Business Corporations Act on August 24, 1973. It is a public company that trades on the TSX Venture Exchange under the symbol "CUI.V" The Company is a precious metal explorer focused on identifying high value assets in Canada whose current projects span British Columbia and Ontario with the immediate focus on the recently acquired Rossland Project in BC (*see note 5(2)*). The head office and principal address of the Company is located at 401 Bay Street, Suite 2100, Toronto, Ontario, Canada, M5H 2Y4.

(b) Going concern

The accompanying consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") (as issued by the International Accounting Standard Board ("IASB")) applicable to a going concern. Accordingly, they do not give effect to adjustments 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 and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

As at December 31, 2018, the Company had no source of operating cash flow and had an accumulated deficit of \$16,482,856 (December 31, 2017 - \$16,158,513). Working capital as at December 31, 2018 was \$122,733 compared to \$332,879 as at December 31, 2017. Net comprehensive loss for the year ended December 31, 2018 was \$324,343 (December 31, 2017 - \$374,946). Operations since inception have been funded from the (i) issuance of share capital, (ii) sale of marketable securities, and (iii) sale of resource property interests.

The Company anticipates it will have sufficient cash on hand to service its liabilities and fund exploration activity and public company operating costs for the next twelve months. In order to continue active operations, the Company will need to (i) arrange further financing (*see note 8(d)*) that will largely depend upon prevailing capital market conditions, and (ii) the continued support of its shareholder base. There is uncertainty that the Company will be able to obtain additional financing for the long-term future, given the current market environment for junior exploration stage companies. These factors create material uncertainties that cast significant doubt as to the propriety of the use of the going concern assumption upon which these consolidated financial statements have been prepared.

CURRIE ROSE RESOURCES INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Stated in \$CAD)

2. **SIGNIFICANT ACCOUNTING POLICIES**

(a) **Basis of presentation and statement of compliance**

These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. They were authorized for issuance by the Board of Directors on April 30, 2019.

Unless otherwise stated, the consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency as the Company is based in Canada and obtains the majority of its financing through Canadian dollar private placements. The Canadian dollar is also the Company's functional currency for Canadian exploration activities and its corporate head office in Canada.

(b) **Basis of consolidation**

These consolidated financial statements include the accounts of Currie Rose Resources Inc. and its wholly owned subsidiary, Currie Rose Resources (I) Limited, as at and for the years ended December 31, 2018 and December 31, 2017.

A subsidiary is an entity controlled by the Company. Control exists when the Company has power over an investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed when necessary to align them with the policies applied by the Company in these consolidated financial statements. All intercompany balances, income and expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated in full.

CURRIE ROSE RESOURCES INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Stated in \$CAD)

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(c) **Financial instruments**

On January 1, 2018, the Company adopted IFRS 9: Financial Instruments. The adoption of this standard, within the scope of the Company's consolidated financial statements, did not impact the consolidated financial statements on transition at January 1, 2018 or for the prior year.

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") and addresses classification and measurement of financial assets and liabilities, as well as impairment of financial assets based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The Company has determined that its current financial assets will continue to be measured at amortized cost with the adoption of IFRS 9 based upon the analysis of its business model and contractual cash flow characteristics of its financial instruments. There are no changes in the classification or measurement of the Company's financial assets and financial liabilities from IAS 39 to IFRS 9.

The Company recognizes financial assets and financial liabilities when the Company becomes a party to a contract. Financial assets and financial liabilities, with the exception of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL"), are measured at fair value plus or minus transaction costs on initial recognition. Financial assets and financial liabilities at fair value through profit or loss are measured at fair value on initial recognition and transaction costs are expensed when incurred.

The following summarizes the Company's classification and measurement of financial assets and financial liabilities:

- ◆ Cash and accounts receivables are classified as amortized cost ("AC")
- ◆ Accounts payable and accrued liabilities are classified as AC
- ◆ There are no financial assets or financial liabilities carried at FVTPL

Measurement in subsequent periods depends on the classification of the financial instrument.

CURRIE ROSE RESOURCES INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Stated in \$CAD)

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(c) **Financial instruments, continued**

Financial assets at amortized cost

Cash and accounts receivable are held with the objective of collecting contractual cash flows and those cash flows are solely payments of principal and interest and classified as amortized cost.

Subsequent to initial recognition, these assets are carried at amortized cost, using the effective interest method, less any impairment loss. The carrying amount of the financial asset is reduced through an allowance account, and the amount of the loss is recognized in the consolidated statement of income. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Financial liabilities at amortized cost

Accounts payable and accrued liabilities are classified as amortized cost. Subsequent to initial recognition, these liabilities are carried at amortized cost, using the effective interest method.

Impairment of financial assets

At each reporting date, each financial asset measured at amortized cost is assessed for impairment under an expected credit loss (ECL) model. The Company applies the simplified approach which uses lifetime ECLs for receivables.

(d) **Resource properties**

Resource properties are recorded at cost on an area of claims basis and carried as an asset until the results of the project are known. Cost includes initial acquisition costs of the property and exploration expenses incurred with respect to the property, net of any recoveries received with respect to option agreements entered into related to the property. In the event a commercial ore deposit is located, cost will be amortized against income by the unit of production method. In the event of an abandonment, sale, or the expiration of an area of claims, cost will be written off against income. Any costs incurred in the review of properties for possible acquisition, such as travel and geological consulting, are expensed as incurred, and only capitalized once the acquisition decision has been reached by management.

The cost of resource properties does not necessarily reflect present or future values. The ultimate realization of the amounts shown as resource properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the successful commercial development and exploration of the areas of interest, including the ability to obtain necessary financing to complete development or alternatively by their sale.

CURRIE ROSE RESOURCES INC.

(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

(Stated in \$CAD)

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Based on annual impairment reviews by management, or circumstances indicating that the net carrying amount of these resource property costs will not be recovered, the carrying value is written down to fair value and charged against operations. Indicators of impairment would include any of: (i) exploration activities have ceased, (ii) exploration results are not promising such that exploration will not be planned for the foreseeable future, (iii) lease ownership right expired, (iv) funding is not available to complete the exploration program, or (v) the sale of the property.

(e) Share capital

Common shares issued in exchange for goods and services are recorded at an amount based on the fair market value of the common shares just prior to the date of issuance.

Common shares issued in private placements, in conjunction with common share purchase warrants, are recorded using the residual method, whereby the proceeds of the private placement are allocated first to the common shares at the lesser of the common share's fair value and the gross proceeds of the private placement, with any residual amounts then being allocated to the common share purchase warrants.

Share issuance expenses are applied against share capital.

(f) Share based compensation

The Company recognizes as compensation the fair value of common share purchase warrants or stock options issued in exchange for services provided by officers and directors and outside consultants. The cost of officer and director compensation is calculated using the fair value method based on the fair value of the common share purchase warrant or stock option on the granting date. The cost of outside consultant compensation is calculated using the fair value method based on the fair value of the common share purchase warrant or stock option on the earlier of a) date when performance is complete, b) date on which a commitment for performance by the counterparty to earn the compensation is reached, or c) the grant date. Compensation expense is recognized over the vesting period of the related instrument granted or the service period for which such instrument is granted, whichever is shorter.

The proceeds from the exercise of stock options or warrants are recognized in share capital upon exercise at the exercise price paid by the holder, along with the related cost of such items originally credited to common share purchase warrants or options.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the common share purchase warrants and stock options issued.

CURRIE ROSE RESOURCES INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Stated in \$CAD)

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(g) **Foreign currency translation**

Translation to functional currency

All transactions taking place in currencies other than the functional currency of the related operating segment are recorded in the functional currency on the date of the transaction using the spot exchange rate between the functional currency and the transactional currency. At the end of the reporting period, monetary items in currencies other than the functional currency are translated using the closing rate on such date. Non-monetary items in currencies other than the functional currency are measured using the historical exchange rate in effect when the transaction occurred. Exchange gains and losses arising on the translation of monetary items to the functional currency are included in other income (expense) for the year.

Translation to presentation currency

Amounts in a functional currency that are not the presentation currency are translated to the presentation currency as follows: assets and liabilities are translated at the closing rate at the end of the period; income and expenses are translated at the exchange rate at the dates of the transactions. All resulting differences are recognized in other comprehensive income.

(h) **Income taxes**

The Company follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. The amount of future tax assets recognized is limited to the amount, if any, that is considered to be more likely than not to be realized.

(i) **Accumulated other comprehensive income**

Net comprehensive loss is comprised of net loss and other comprehensive loss. Certain gains and losses arising from changes in fair value are temporarily recorded outside the consolidated statements of loss in accumulated comprehensive income ("AOCI") as a separate component of consolidated shareholders' equity. Other comprehensive loss includes any unrealized gains and losses on available-for-sale securities.

CURRIE ROSE RESOURCES INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Stated in \$CAD)

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(j) **Provisions and contingencies**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) **Loss per share**

Basic loss per share amounts are calculated by dividing consolidated net loss for the reporting period attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the consolidated net loss attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares. Diluted loss per share amounts are not presented if their inclusion would be anti-dilutive.

(l) **Critical accounting estimates and judgements**

The preparation of these consolidated financial statements requires management to make estimates and judgements about the future that affect the amounts recorded in the consolidated financial statements. These estimates and judgements are based on the Company's experience and management's expectations about future events that are believed to be reasonable under the circumstances, and they are continually being evaluated based on new facts and experience. Actual results may differ from these estimates and judgements.

CURRIE ROSE RESOURCES INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Stated in \$CAD)

3. **NEW AND REVISED IFRS STANDARD NOT YET ADOPTED**

As at the date of authorization of these consolidated financial statements, the IASB has issued the following new standard which is not yet effective:

IFRS 16 "Leases" was issued by the IASB in January 2016 and will ultimately replace IAS 17, "Leases" and related interpretations. The new standard will be effective for fiscal years beginning on or after January 1, 2019, with early adoption permitted provided the Company has adopted IFRS 15, Revenue from Contracts with Customers. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all leases contracts, and record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria. If the Company has significant contractual obligations in the form of operating leases under IAS 17, there will be a material increase to both assets and liabilities on adoption of IFRS 16, and material changes to the timing of recognition of expenses associated with the lease arrangements. The Company is analyzing the new standard to determine the impact of adopting this standard.

4. **ACCOUNTS RECEIVABLE**

	<u>2018</u>	<u>2017</u>
Share subscriptions receivable	\$ 25,000	\$ 7,500
Refundable HST ITC's	5,745	23,831
	<u>\$ 30,745</u>	<u>\$ 31,331</u>

The share subscriptions receivable as at December 31, 2017 (part of the 2nd tranche of the private placement that closed on December 29, 2017) were all received prior to the end of 2018 Q2. The share subscription receivable as at December 31, 2018, is part of the private placement that closed in August, 2018 (*see note 8(d)(i)*), and is due from a related party (*see note 12(b)*).

CURRIE ROSE RESOURCES INC.
 (An Exploration Stage Enterprise)
FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017

5. **RESOURCE PROPERTIES**

	<u>Opening</u>	<u>Acquisition costs</u>	<u>Geological and technical</u>	<u>Professional fees</u>	<u>Travel and admin costs</u>	<u>Capitalization of long term receivable</u>	<u>Value attributed to net smelter royalty</u>	<u>Closing</u>
<u>Year ended December 31, 2016</u>								
Scadding, Canada	\$ 525,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2)	\$ 525,221
Jubilee Reef, Tanzania	-	-	-	-	-	-	1	1
Mabale Hills, Tanzania	-	-	-	-	-	-	1	1
	<u>\$ 525,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525,223</u>
<u>Year ended December 31, 2017</u>								
Scadding, Canada	\$ 525,221	\$ -	\$ -	\$ -	\$ -	\$ 52,425	\$ -	\$ 577,646
Jubilee Reef, Tanzania	1	-	-	-	-	-	-	1
Mabale Hills, Tanzania	1	-	-	-	-	-	-	1
	<u>\$ 525,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,425</u>	<u>\$ -</u>	<u>\$ 577,648</u>
<u>Year ended December 31, 2018</u>								
Scadding, Canada	\$ 577,646	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 577,646
Rossland, Canada	-	302,452	146,640	23,640	67,071	-	-	539,803
Jubilee Reef, Tanzania	1	-	-	-	-	-	-	1
Mabale Hills, Tanzania	1	-	-	-	-	-	-	1
	<u>\$ 577,648</u>	<u>\$ 302,452</u>	<u>\$ 146,640</u>	<u>\$ 23,640</u>	<u>\$ 67,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,117,451</u>

The carrying values of the Company's resources properties at December 31, 2018 were \$1,117,451 (December 31, 2017 - \$577,648). Management's review of these carrying values indicated that, at December 31, 2018, the properties were not impaired. The company also retains a 2% NSR on any future production from each of its prior Jubilee Reef and Mabale Hills projects in Tanzania.

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5. RESOURCE PROPERTIES, CONTINUED

(1) Scadding Township, Ontario, Canada

- (a) Beneficial ownership consists of 49% of gold mining claims covering 1,895 acres in Northern Ontario, embodied in seven leases granted by the Ministry of Natural Resources totaling 56 claims. One of these leases is set to expire in 2023, three in 2025, one in 2026 and two in 2027. Each of these leases contain a 21 year renewal clause at the option of Ministry of Natural Resources. Management is of the opinion that such renewals will be offered, and they intend to act on these renewal clauses.
- (b) The Company is committed to a royalty payment in the amount of \$100,000, payable 10 days after the end of the third calendar month in which production occurs from the claims. The Company is also committed to a royalty payment of \$1 per ton of ore removed from designated claims registered against the property.
- (c) On November 12, 2015, Northern Sphere Mining Corp. ("Northern"), a Canadian public company that trades under NSM on the CSE, entered into a joint venture agreement ("JV-Scadding") with Trueclaim. JV-Scadding stipulates that Northern shall control all recovery operations on the Scadding Property for the benefit of Trueclaim and Northern. Currie Rose still retains a 49% interest in the property, is not be obligated to make any further financial contributions to the joint venture once entered into and its interest will be a carried interest. In the event that the property goes into commercial production, JV-Scadding can increase its interest in the property from 51% to 100% by making a payment of \$2,000,000 to the Company and entering into a royalty agreement for a 3% net smelter return ("NSR") to the Company.
- (d) In April, 2019, the Company entered into a mineral property purchase agreement with respect to the Scadding property as described in note 17(d).

(2) Rossland Project, British Columbia, Canada

- (a) On April 13, 2018, the Company announced it had secured two option agreements over the Rossland Project (the "Rossland Project"), which together cover approximately 2,000 hectares of the Rossland mining camp that produced more than 2.7 million ounces of gold, 3.5 million ounces of silver and 71 tonnes of copper between 1894 and 1941 and ranks as the third largest lode gold camp in British Columbia.
- (b) Under the terms of the agreements, which were approved by the TSX Venture Exchange on May 16, 2018, Currie Rose has the right to acquire 100% of the Rossland Project from two private companies ("option holders") via a 3-stage, 4-year option, as follows:

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5. RESOURCE PROPERTIES, CONTINUED

(2) Rossland Project, British Columbia, Canada, continued

(c) (i) **Stage 1: 1-12 months**

Upfront payment of \$50,000 and issuance of 1,000,000 Currie Rose shares to each of the option holders (*see note 8(b)*);
Minimum expenditure of \$500,000 on each option agreement;
Investment by Currie Rose beyond the first year will be contingent on positive results;
Providing written notice to the Optionor, no later than 1 month prior to the first anniversary, of its intention to proceed to Stage 2.

(ii) **Stage 2: 13-24 months**

Upon proceeding to Stage 2, payment of \$75,000 and issuance of 1,500,000 Currie Rose shares to each of the option holders on the 1st anniversary.
Payment of further \$75,000 and issuance of 1,500,000 Currie Rose shares to each of the option holders on the 2nd anniversary.
Minimum expenditure of \$750,000 on each option agreement.

(iii) **Stage 3: 25-48 months**

Funding and completing a feasibility study - one study to apply to both option holders;
Payment of \$100,000 and issuance 2,000,000 Currie Rose shares on the 3rd anniversary (to each of the option holders);
Payment of \$100,000 and issuance of 2,000,000 Currie Rose shares on the 4th anniversary (to each of the option holders).

(d) On completion of the feasibility study or the payment obligations, the Company will own 100% of the project and will grant separately, to each option holder, a 2% NSR with Currie Rose having an option to purchase from each option holder one-half (1%) of the NSR for payment of \$1,000,000.

(e) On May 17, 2018, the Company received approval from the TSX Venture Exchange of the Rossland Project acquisition and the issuance of the 1,000,000 common shares to each of the two option holders, or collectively 2,000,000 common shares (*see note 8(c)*). The Exchange has accepted all filing documentation including a National Instrument 43-101 Technical Report (the "Technical Report") on the Rossland Project relating to the Company's first option agreement for the acquisition of 100% of the GNB property and second option agreement for the acquisition of 100% of the COE property. The GNB property and the COE properties together comprise the Rossland Project.

(f) On June 13, 2018, the Company entered into a Purchase and Sale Agreement (the "Agreement") to acquire a 100% interest in the "Golden 8 Claim" which adjoins the south western boundary of the recently optioned Rossland Project. The Golden 8 Claim covers 296.5 hectares of the highly prospective Rossland "South Belt" and increases the coverage of Company's Rossland Project (part of the Rossland Mining Camp) to approximately 2,230 hectares.



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5. RESOURCE PROPERTIES, CONTINUED

(2) Rossland Project, British Columbia, Canada, continued

Under the terms of the Agreement, Currie Rose exercised its right to acquire 100% of the Golden 8 Claim from a private vendor via cash payments made as follows: (i) \$16,000 on execution of the Agreement, and (ii) \$16,000 made in September, 2018.

The vendor retains a 2% NSR, while the Company has a right of repurchase of one half of the NSR (1%) by paying the vendor \$1 million.

(g) As of December 31, 2018, the Company had incurred acquisition costs of \$302,452 on the two options and exploration and development costs totalling \$237,351 on the Rossland project.

(h) The terms of the Rossland option agreements with respect to obligations arising on their first anniversary were amended after year-end as described in note 17(c).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade accounts payable	\$ 103,564	\$ 65,877
Accrued liabilities	16,000	19,862
	\$ 119,564	\$ 85,739

7. LOANS PAYABLE - RELATED PARTIES

These loans, payable to entities controlled by current and/or former officers and directors of the Company, bore interest at 8% per annum and were unsecured. The loans, in the amount of \$158,600, were repaid in full in October 2017 by (i) conversion to share capital through the issuance of 2,000,000 common shares at a value of \$0.05 per share (*see note 8(b)(ii)*), and (ii) the balance in cash. Interest paid on these loans for the year ended December 31, 2018 totalled \$Nil (2017 - \$3,470).

8. SHARE CAPITAL

Continuity schedules for each component of the Company's share capital and other equity instruments are disclosed in the condensed consolidated statements of changes in shareholders' equity for the years ended December 31, 2018 and 2017. Descriptions of the changes in each component are as follows:

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8. **SHARE CAPITAL, CONTINUED**

(a) **Share consolidation**

On August 23, 2017, the Company completed a consolidation of its common shares to meet the financing requirements of the TSX Venture Exchange on the basis of one post-consolidation share for each two and a half pre-consolidation shares. The Company previously had 35,701,309 pre-consolidation common shares issued and outstanding. Following the share consolidation (but prior to the 2017 Q3 private placement), there were 14,280,524 post-consolidation common shares issued and outstanding.

The effect of the share consolidation was also such that the 6,150,000 pre-consolidation options exercisable at \$0.05 per option consolidated to 2,460,000 post-consolidation options exercisable at \$0.125 per option (*see note 9*).

(b) **Private placement - September 15, 2017**

On September 15, 2017, the Company announced a non-brokered offering of units at a price of \$0.05 per unit, with each unit comprised of one common share and one common share purchase warrant. The exercise price of the warrants will be \$0.10 per warrant, with an expiry date two years from the date of closing. The securities are subject to hold periods in accordance with requisite securities laws. Proceeds from this offering have been used for project generation and general corporate purposes.

Under two separate closings, a total of 11,650,480 units, consisting of consisting of 11,650,480 common shares and 11,650,480 warrants, were issued for total consideration of \$582,524, as follows:

- (i) On October 17, 2017, the Company closed the first tranche issuing 7,400,480 units for cash consideration of \$370,024, consisting of 7,400,480 common shares and 7,400,480 warrants (*see note 10*).

A total of \$37,002 of the proceeds were allocated to warrants using the residual method of valuation, based on the excess of the unit price over the trading price of the common shares on the closing date.

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8. **SHARE CAPITAL, CONTINUED**

- (ii) On December 29, 2017, the Company closed the second tranche issuing 4,250,000 units for total consideration of \$212,500, consisting of cash consideration of \$112,500 and conversion of the loan payable - related party of \$100,000 (*see note 7*). The closing consisted of 4,250,000 common shares and 4,250,000 warrants (*see note 10*).

None of the proceeds were allocated to warrants under the residual method of valuation, as the trading price of the common shares on the closing date exceeded the unit price.

- (iii) As at December 31, 2017, a total of 11,650,480 (2016 - Nil) common share purchase warrants were issued in conjunction with the private placement described above. The warrants are exercisable at \$0.10 each and expire two years from the date of the respective closing.

(c) **Common shares issued re Rossland Project acquisition**

As a result of TSX-V approval of the Rossland acquisition on May 17, 2018 (*see note 5(2)(e)*), the Company issued 1,000,000 common shares to each of the two option vendors, or 2,000,000 common shares in total, as additional purchase consideration (*see note 5(2)(c)(i)*). These 2,000,000 common shares have been recorded at an assigned value of \$154,000, based on the average closing price of \$0.077 per share over the period 5 days either side of May 17, 2018.

(d) **Private placement - August 14, 2018**

- (i) On August 14, 2018, the Company closed a private placement of 10,000,000 units at a price of \$0.05 each for gross proceeds of \$500,000, with each unit comprised of one common share and one half-share purchase warrant. Under the offering, the Company issued a total of 10,000,000 common shares and 5,000,000 warrants. The securities will be subject to hold periods in accordance with requisite securities laws. The exercise price of the warrants will be \$0.10 per warrant, with an expiry date of October 17, 2020 (*see note 10*). Proceeds from this offering were used for work on the Company's Rossland project and general working capital. This financing has received preliminary approval from the TSX Venture Exchange on July 11, 2018.
- (ii) None of gross proceeds were allocated to warrants using the residual method of valuation, as the unit price was not in excess of the trading price of the common shares on the closing date.
- (iii) A finder's fee was paid to an arms length finder through the issuance of a further 500,000 units for a total value of \$25,000.

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8. **SHARE CAPITAL, CONTINUED**

(e) **Loss per share**

Basic loss per share is computed using the weighted average number of common shares outstanding. After giving retroactive effect to the share consolidation described above, the weighted average number of common shares outstanding for the year ended December 31, 2018 was 31,213,194 (2017 - 15,815,825).

After giving retroactive effect to the share consolidation described above, as at December 31, 2018, the potentially dilutive equity instruments outstanding were (i) 1,120,000 stock options (2017 - 1,820,000), and (ii) 16,900,480 common share purchase warrants (2017 - 11,650,480). On a post-consolidation basis, the fully diluted number of common shares outstanding for the years ended December 31, 2018 and 2017 were 56,451,484 and 39,401,484 respectively.

9. **STOCK OPTIONS**

The Company has a stock option plan which allows for the granting of stock options to directors, officers, employees and consultants as additional compensation for services rendered, with such options generally being exercisable over a five year period. The options are generally required to have an exercise price no less than the market price prevailing on the day the option is granted. TSX Venture Exchange has accepted for filing the Company's stock option plan which was approved by the Company's shareholders at the Annual General Meeting held on June 14, 2018. The plan has been converted to a rolling plan whereby a maximum of 10% of the issued shares will be reserved for issuance under the plan from a previous fixed maximum, after giving effect to the share consolidation described in note 8(d), of 2,856,010 (pre-consolidation - 7,140,026).

The options granted for periods of greater than eighteen months under the plan vest at a rate of 25% upon regulatory approval and 25% every six months thereafter unless otherwise specified. The options granted for periods less than eighteen months vest immediately. Upon change in control, as defined by the Income Tax Act, all outstanding options immediately become vested.

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9. **STOCK OPTIONS, continued**

Stock option activity for the years ended December 31, 2018 and 2017 was as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Options	Weighted -average exercise price (\$)	Options	Weighted- average exercise price (\$)
Outstanding, beginning of year	1,820,000	0.125	6,150,000	0.050
Expired in 2018 Q3 (see note 9(a))	(700,000)	0.125	-	-
Effect of share consolidation on August 23, 2017 (see note 8(d))	-	-	(3,690,000)	0.125
Cancelled in 2017 Q3 (see note 9(a))	-	-	(640,000)	0.125
Outstanding, end of year	<u>1,120,000</u>	<u>0.125</u>	<u>1,820,000</u>	<u>0.125</u>

As at December 31, 2018, the issued and outstanding options to acquire common shares of the Company are as follows:

Grant date	Number of options		Exercise price (\$)	Remaining life	Expiry date
	Granted	Exercisable			
September 14, 2010	80,000	80,000	0.125	1.7	September 14, 2020
June 13, 2012	460,000	460,000	0.125	3.5	June 13, 2022
April 30, 2015	120,000	120,000	0.125	1.3	April 30, 2020
May 26, 2016	120,000	120,000	0.125	1.8	October 27, 2020
May 26, 2016	340,000	340,000	0.125	7.4	May 26, 2026
	<u>1,120,000</u>	<u>1,120,000</u>	0.125	4.1	

The details of the changes in the options during the reporting period are as follows:

- (a) In 2017 Q3, 640,000 previously issued options were cancelled upon the option holder leaving the company, such that previously recognized share based payments of \$98,302 was transferred to contributed surplus. In 2018 Q3, a further 700,000 previously issued options expired unexercised such that further previously recognized share based payments of \$72,991 was transferred to contributed surplus.
- (b) Total share based payments of \$Nil was recognized during the year ended December 31, 2018 (2017 - \$9,608) based on accrual of previously granted options expected to vest in the reporting period.

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10. **WARRANTS**

The following tables reflect the continuity of warrants for the years ended December 31, 2018 and 2017, as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Options	Weighted -average exercise price (\$)	Warrants	Weighted- average exercise price (\$)
Outstanding, beginning of year	11,650,480	0.100	-	-
Issued as part of 1st tranche of private placement that closed October 15, 2017 <i>(note 8(b)(i))</i>	-	-	7,400,480	0.100
Issued as part of 2nd tranche of private placement that closed December 29, 2017 <i>(note 8(b)(ii))</i>	-	-	4,250,000	0.100
Issued as part of private placement that closed August 14, 2018 <i>(note 8(c)(ii))</i>	5,250,000	0.100	-	-
Outstanding, end of year	<u>16,900,480</u>	<u>0.100</u>	<u>11,650,480</u>	<u>0.100</u>

As at December 31, 2018, the issued and outstanding warrants to acquire common shares of the Company are as follows:

Grant date	Number of options		Exercise price (\$)	Remaining life	Expiry date
	Granted	Exercisable			
October 17, 2017	7,400,480	7,400,480	0.100	0.8	October 17, 2019
December 29, 2017	4,250,000	4,250,000	0.100	1.0	December 29, 2019
August 14, 2018	5,250,000	5,250,000	0.100	1.8	October 20, 2020
	<u>16,900,480</u>	<u>16,900,480</u>	0.100	1.2	

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11. INCOME TAXES

(a) Deferred tax

The following table summarizes the components of deferred tax for the years ending December 31, 2018 and 2017:

	<u>Opening balance</u>	<u>Recognized in profit and loss</u>	<u>Closing balance</u>
<u>December 31, 2018</u>			
Deferred tax assets			
Resource properties	\$ 888,234	\$ -	\$ 888,234
Non-capital losses	2,748,781	85,016	2,833,797
Foreign income taxes	6,936	-	6,936
	<u>3,643,951</u>	<u>85,016</u>	<u>3,728,967</u>
Total deferred tax assets			
Valuation allowance	<u>(3,643,951)</u>	<u>(85,016)</u>	<u>(3,728,967)</u>
Net deferred tax assets/tax expense	<u>-</u>	<u>-</u>	<u>-</u>
<u>December 31, 2017</u>			
Deferred tax assets			
Marketable securities	8,765	(8,765)	-
Resource properties	888,234	-	888,234
Non-capital losses	2,659,578	89,203	2,748,781
Foreign taxes paid	6,936	-	6,936
	<u>3,563,513</u>	<u>80,438</u>	<u>3,643,951</u>
Total deferred tax assets			
Valuation allowance	<u>(3,563,513)</u>	<u>(80,438)</u>	<u>(3,643,951)</u>
Net deferred tax assets/tax expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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11. INCOME TAXES, continued

(b) Income rate reconciliation

The reconciliation of the combined Canadian federal and provincial statutory income tax rates on the net loss for the years ended December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Net income (loss) before recovery of income taxes	\$ (324,343)	\$ (374,946)
Statutory tax rates	<u>26.50%</u>	<u>26.50%</u>
Expected income tax recovery	(85,951)	(99,361)
Decrease (increase) resulting from:		
Tax effect relating to origination and reversal of:		
Permanent differences	1,032	-
Temporary differences	(97)	18,923
Change in valuation allowance	<u>85,016</u>	<u>80,438</u>
Income tax expense	\$ -	\$ -

(c) Other

The Company has deductible temporary differences with respect to its resource properties, whereby the amounts deductible for income tax purposes exceed the amounts recorded for accounting purposes by \$3,336,311 (2017 - \$3,336,311). The Company has the following Canadian tax loss carryforwards: (i) capital losses of \$78,949 which can be applied against future Canadian capital gains, and (ii) non-capital loss carryforwards, which can be used to reduce future Canadian income taxes payable, expiring as follows:

2027	\$ 288,207
2028	518,999
2029	536,837
2030	189,949
2031	516,522
2032	401,981
2033	390,969
2034	215,925
2035	256,770
2036	78,341
2037	371,052
2038	<u>315,100</u>
	\$ 4,080,652

The Company's Tanzanian subsidiary has non-capital loss carryforwards, which can be used to reduce future Tanzanian income taxes payable, of \$5,841,413.

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12. KEY MANAGEMENT COMPENSATION, RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management personnel and directors compensation:

During the years ended December 31, 2018 and 2017, the Company had the following related party transactions, including (i) compensation of key current and/or former management personnel and directors, and (ii) transactions with entities related to or controlled by officers and/or directors, as follows:

	<u>2018</u>	<u>2017</u>
Professional fees	\$ -	\$ 12,255
Management fees	192,000	118,200
Share based payments	-	9,608
Consulting fees	-	73,500
Office and general	-	6,625
Occupancy costs	-	3,000
Interest	-	3,470

- (b) Accounts payable and accrued liabilities as at December 31, 2018 includes \$99,954 (December 31, 2017 - \$63,728) with respect to balances owing to related parties for the transactions disclosed above. Up to June 30, 2017, the Company was party to management agreements with an entity controlled by the former president for a total of \$3,000 per month (comprised of \$500 for office and equipment rental, \$1,000 for secretarial services and \$1,500 for management services). \$61,430 was paid against these obligations in June 2017. These agreements were effectively terminated as of June 30, 2017 with no penalty or obligation to the Company and replaced with new agreements as detailed below.

Accounts receivable includes a share subscription receivable from a company controlled by a director (*see note 8-d*).

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12. KEY MANAGEMENT COMPENSATION, RELATED PARTY TRANSACTIONS AND BALANCES, continued

(c) Management fees paid during the year ended December 31, 2018 consist of \$120,000 paid to an entity controlled by the CEO (for his services as CEO) (*see note 12(b)(i)*) and \$72,000 paid to an entity related to a director (*see note 12(b)(ii)*):

(i) Effective July 1, 2017, the CEO entered into a revised contract for management services at a rate of \$10,000 per month compared to the prior rate of \$2,200 per month. The contract is for a 2 year term expiring on June 30, 2019, automatically renewing for a further 3 years upon expiry (unless terminated previously).

The contract also includes a provision for an extraordinary bonus shall be paid to (i) in the amount of 500,000 shares in the capital of the Company in the event one of the Company's projects is verified by an independent engineer's report to NI 43-101 or equivalent standard, confirming the Company's gold reserves plus resources exceeds 1,000,000 ounces of gold or gold equivalent; and (ii) in the amount of 1,000,000 shares in the capital of the Company in the event two of the Company's projects are verified by an independent engineer's report to NI 43-101 or equivalent standard, confirming the Company's gold reserves plus resources exceeds 2,000,000 ounces of gold or gold equivalent.

(ii) On July 1, 2017, the Company entered into a new contract for management and administrative services that replaced the pre-existing management services agreement described above. The contract is billed on a monthly basis at a rate of \$6,000 and includes the services of the CFO and corporate secretary, office rent and regular administrative functions. The contract, with a company related to a recently appointed director, has a three-month notice period and renews annually.

(d) The consulting fees paid in 2017 were charged by two directors: \$36,000 for capital market services and \$37,500 for project identification and analysis.

13. COMMITMENTS

In addition to the related party commitments described in note 12, the Company is committed to two new premises leases related to its Rossland BC resource property as follows:

(a) a residential lease for use by out-of-town staff at a monthly rate of \$900 for a period of twelve months commencing September 1, 2018, with a lessee option to renew for a further twelve months at a monthly rate subject to a maximum increase of 10%;

(b) an office lease at a monthly rate of \$1,000 for a period of twelve months commencing November 1, 2018, with a lessee option to renew for the rate and term subject to negotiation.

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14. SEGMENTED INFORMATION

With the disposition of its various resource property interests outside of Canada over the last number of years, the Company conducts its business in a single operating segment that consists of its Canadian resource property interests in Rossland, BC and Scadding Township, Ontario.

15. FINANCIAL INSTRUMENTS AND RISK FACTORS

Fair value of financial instruments

The fair values of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term or demand nature of these balances.

(a) Fair value hierarchy

A fair value hierarchy establishes three levels to classify valuation techniques used to measure fair value. Level 1 includes quoted prices in active markets for identical assets or liabilities. Level 2 includes inputs that are observable other than quoted prices included in level one. Level 3 includes inputs that are not based on observable market data.

	<u>2018</u>	<u>2017</u>
	\$	\$
Level 1		
Cash	193,446	385,137
Level 3		
Accounts receivable	30,745	31,331

(b) Classification of financial instruments

The classification and measurement of the financial assets and liabilities, as well as their carrying amounts and fair values are as follows:

Assets/liabilities	Measurement	2018		2017	
		Carrying amount	Fair value	Carrying amount	Fair value
		\$	\$	\$	\$
Cash	Amortized cost	193,446	193,446	385,137	385,137
Accounts receivable	Amortized cost	30,745	30,745	31,331	31,331
Accounts payable and accrued liabilities	Amortized cost	119,564	119,564	85,739	85,739

(c) Credit risk

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15. FINANCIAL INSTRUMENTS AND RISK FACTORS, continued

(c) Credit risk, continued

The Company's credit risk is attributable to accounts receivable, which is comprised of refundable HST ITC's and share subscriptions receivable. The Company has no material concentration of credit risk arising from operations. Cash consists of bank deposits, which have been invested with a Canadian chartered bank, from which management believes the risk of loss to be remote. Management believes that credit risk with respect to accounts receivable is minimal. There has been no change in this risk exposure or how it is managed since the prior reporting period.

(d) Liquidity risk

The business of the Company necessitates the management of liquidity risk. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due in the short-term due to a shortfall of working capital and in the long-term due to lack of sufficient capital. The Company's objective is to mitigate short-term liquidity risk by maintaining adequate working capital reserves and its long-term liquidity risk by stipulating in certain option agreements that payments may be made in common shares at the Company's election and through good relations with external capital markets. The Company achieves these objectives by obtaining financing through private placements and issuing shares as payment for resource property costs. There has been no change in this risk exposure or how it is managed since the prior reporting period. However, as at December 31, 2018, the Company believes the exposure to liquidity risk is significant (*see note 1(b)*) although it holds no arms-length financial liabilities, other than current accounts payable and accrued expenses, that are not adequately covered through working capital and it has no funding commitments that are not at its discretion.

16. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to ensure that there are adequate resources to sustain operations and to continue as a going concern, to maintain adequate funding to support acquisition obligations and exploration of mineral claims, and to maintain investor confidence, all with a view to providing a return on shareholders' investment. Funds are primarily obtained through the issuance of common shares as equity capital. Such issuance of common shares is usually done as private placements.

The Company considers the items included in the consolidated statements of shareholders' equity to be capital and it manages the capital structure and adjusts it with an awareness of changes in economic conditions, the risk nature of the underlying assets and the future capital requirements to maintain those assets. The Company is not subject to any externally imposed capital requirements.

CURRIE ROSE RESOURCES INC.

(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

(Stated in \$CAD)

17. SUBSEQUENT EVENTS

- (a) On February 6, 2019, the Company granted incentive stock options to certain of its directors and consultants to purchase up to an aggregate of 2,050,000 common shares of the Company. The options are exercisable for a period of five years at a price of \$0.075 per share.
- (b) On February 27, 2019, the Company and the vendor agreed to extend the expenditure periods of both option agreements that make up the Rossland Project (*see note 5(2)*) by 3 months to July 12, 2019 to enable drilling and other exploration work to be completed.
- (c) On April 12, 2019, the following transactions occurred (or were agreed to) in satisfaction of the Company's obligations arising on the first anniversary of the Rossland Project, namely:
 - (i) \$10,000 of the \$75,000 anniversary payment was paid for each of the two options
 - (ii) The parties agreed to pay the remaining \$65,000 for each of the two options either on closing of a financing or with 6 months (whichever comes first).
 - (iii) 1,500,000 shares were issued for each of the two options (3,000,000 shares in total)
- (d) On April 24, 2019, the Company reached agreement in principle to sell its 49% interest in the Scadding Project ("Scadding") (*see note 5(1)*) to MacDonald Mines Exploration Ltd. (TSX-V: BMK) ("MacDonald Mines").

Under the agreed terms, Currie Rose will sell its 49% interest in the Scadding Project in exchange for:

- ◆ 8,000,000 shares of MacDonald Mines
- ◆ \$50,000 payment on transfer of title
- ◆ 3% NSR
- ◆ \$2,000,000 cash payment upon reaching commercial production - with a resulting decrease of the NSR to 2.5%
- ◆ NSR buyback of 1% for \$1,000,000
- ◆ Work obligation of \$1.5m over a three-year period

The agreement will be subject to both a standstill clause and voting requirements.