
CR CAPITAL CORP.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of CR Capital Corp.

Opinion

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

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

Basis for opinion

We conducted our audit 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 financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$568,039 during the year ended December 31, 2018 and, as of that date, the Company's had limited working capital. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

UHY McGovern Hurley LLP

A handwritten signature in blue ink that reads "UHY McGovern Hurley LLP".

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 27, 2019

CR Capital Corp.
Statements of Financial Position
(Expressed in Canadian dollars)

As at December 31,	2018	2017
ASSETS		
Current assets		
Cash	\$ 7,523	\$ 206,627
Amounts receivable and other assets (note 6)	9,605	10,480
Marketable securities (note 7)	100,000	391,475
Total assets	\$ 117,128	\$ 608,582
LIABILITIES AND EQUITY		
Current liabilities		
Amounts payable and other liabilities (notes 8 and 14)	\$ 59,293	\$ 37,942
Total liabilities	59,293	37,942
Equity		
Share capital (note 9)	24,570,737	24,390,737
Shares to be issued (note 12(a))	-	180,000
Reserves	105,559	56,925
Accumulated deficit	(24,618,461)	(24,057,022)
Total equity	57,835	570,640
Total liabilities and equity	\$ 117,128	\$ 608,582

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

Nature of operations and going concern (note 1)
 Commitments and contingencies (notes 12 and 17)

Approved on behalf of the Board:

"Brian Howlett", Director _____

"Eric Szustak", Director _____

CR Capital Corp.**Statements of Loss and Comprehensive Loss**
(Expressed in Canadian dollars)

Year Ended
December 31,
2018 2017

Operating expenses		
Exploration and evaluation expenditures (note 12)	\$ 66,248	\$ 199,017
General and administrative (note 13)	239,977	198,716
Operating loss before the following items	(306,225)	(397,733)
Loss on marketable securities (note 7)	(273,825)	(165,499)
Interest income	-	754
Loss before income taxes	(580,050)	(562,478)
Income tax recovery (expense) resulting from income tax credits from Quebec (note 15)	12,011	(2,180)
Net loss and comprehensive loss for the year	\$ (568,039)	\$ (564,658)
Basic and diluted net loss per share (note 11)	\$ (0.06)	\$ (0.07)
Weighted average number of common shares outstanding (note 11)	9,976,650	8,327,335

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

CR Capital Corp.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended December 31,	
	2018	2017
Operating activities		
Net loss for the year	\$ (568,039)	\$ (564,658)
Adjustments for:		
Share-based compensation (note 10(i))	55,234	-
Loss on marketable securities (note 7)	273,825	165,499
Shares to be issued (note 12(a))	-	180,000
Changes in non-cash working capital items:		
Amounts receivable and other assets	875	66,643
Amounts payable and other liabilities	21,351	2,032
Net cash (used in) operating activities	(216,754)	(150,484)
Investing activities		
Proceeds from sale of marketable securities (note 7)	17,650	136,290
Net cash provided by investing activities	17,650	136,290
Net change in cash	(199,104)	(14,194)
Cash, beginning of year	206,627	220,821
Cash, end of year	\$ 7,523	\$ 206,627

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

CR Capital Corp.
Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital	Shares to be issued	Reserves	Accumulated deficit	Total
Balance, December 31, 2017	\$ 24,390,737	\$ 180,000	\$ 56,925	\$ (24,057,022)	\$ 570,640
Shares to be issued (note 12(a))	180,000	(180,000)	-	-	-
Stock options expired	-	-	(6,600)	6,600	-
Share-based compensation (note 10(i))	-	-	55,234	-	55,234
Net loss for the year	-	-	-	(568,039)	(568,039)
Balance, December 31, 2018	\$ 24,570,737	\$ -	\$ 105,559	\$ (24,618,461)	\$ 57,835
Balance, December 31, 2016	\$ 24,390,737	\$ -	\$ 63,525	\$ (23,498,964)	\$ 955,298
Shares to be issued (note 12(a))	-	180,000	-	-	180,000
Stock options expired	-	-	(6,600)	6,600	-
Net loss for the year	-	-	-	(564,658)	(564,658)
Balance, December 31, 2017	\$ 24,390,737	\$ 180,000	\$ 56,925	\$ (24,057,022)	\$ 570,640

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

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

1. Nature of operations and going concern

CR Capital Corp. (the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Ontario Business Corporations Act on December 13, 2002. The Company is engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals. The primary office of the Company is located at 1 Adelaide Street East, Suite 2000, Toronto, Ontario, M5C 2V9.

The financial statements were approved by the Board of Directors on March 27, 2019.

The Company has limited working capital, has incurred a loss of \$568,039 for the year ended December 31, 2018 (year ended December 31, 2017 - loss of \$564,658) and as at December 31, 2018 had an accumulated deficit of \$24,618,461 (December 31, 2017 - \$24,057,022). These conditions indicate the existence of a material uncertainty that casts significant doubt as to whether the Company can continue as a going concern.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company's ability to continue to meet its obligations and carry out its activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. The Company is investigating other sources of financing. Regardless, based on current projections and operating plans, the Company will likely be required to raise additional funds through equity financing or other means in order to carry out its activities. There is, however, no assurance that any such initiatives will be sufficient. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

The business of acquisition, exploration and evaluation for minerals involves a high degree of risk and there can be no assurance that the current exploration programs will result in profitable operations.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company's continued existence is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant accounting policies

(a) *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2018.

(b) *Basis of presentation*

These financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit and loss ("FVTPL") that are carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(l).

(c) *Functional and reporting currency*

The functional and reporting currency, as determined by management, of the Company is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates.

(d) *Cash*

Cash in the statements of financial position is comprised of cash held on deposit with a Canadian financial institution or in trust by external legal counsel of the Company.

(e) *Financial instruments*

Effective January 1, 2018, the Company adopted IFRS 9 - Financial Instruments ("IFRS 9"). In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and FVTPL.

The new hedge accounting guidance had no impact on the Company's financial statements.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

Below is a summary showing the classification and measurement bases of our financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

Classification	IAS 39	IFRS 9
Cash	Loans and receivables (amortized cost)	Amortized cost
Marketable securities	FVTPL	FVTPL
Amounts payable and other liabilities	Other financial liabilities (amortized cost)	Amortized cost

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

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Gains or losses on these items are recognized in profit or loss.

The Company's marketable securities are classified as financial assets measured at FVTPL.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's cash is classified as financial assets measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's amounts payable and other liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(e) *Financial instruments (continued)*

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(f) *Exploration and evaluation expenditures*

The Company expenses exploration and evaluation expenditures as incurred on mineral properties not commercially viable and financially feasible. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Option payments received are recorded as property option revenue in profit or loss when received.

(g) *Provisions*

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(h) *Share based payment transactions*

The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes valuation model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate. Amounts recorded for expired stock options and warrants are transferred to accumulated deficit.

(i) *Income taxes*

Income tax 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, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the financial position reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

(j) *Loss per share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. The treasury stock method is used to arrive at the diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options outstanding that are dilutive. The Company's diluted loss per share does not include the effect of stock options as they are anti-dilutive.

(k) *Operating segments*

The Company has one operating segment which is the acquisition and exploration of mineral properties in Canada. In making this determination, the chief operating decision maker reviews various factors including geographical location of the properties and that activity on all properties is managed centrally.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(l) Significant accounting judgments and estimates

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the reported amounts of assets, liabilities and expenses, and the related disclosure of assets and liabilities included in the Company's financial statements. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Company has made in the preparation of its financial statements.

- The measurement of income taxes requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.
- The Company has investments in marketable securities and is required to make judgments to determine their fair value subsequent to initial recognition. Management is also required to determine on whether those marketable securities have sufficient trading volume and reasonable bid-ask spread to determine if they are active enough to be measured at Level 1 of the fair value hierarchy or if other levels are more appropriate.
- Valuation of share based payments - when options and warrants are issued, the Company calculates their estimated fair value using a Black-Scholes valuation model, which may not reflect the actual value on exercise. The Company uses publicly available rates, where available, as inputs into the model including volatility assumptions. The Company recognizes the fair value of stock options on the statements of loss and comprehensive loss when vesting occurs.

(m) New accounting standards adopted during the year

(i) See note 2(e).

(ii) On January 13, 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"). The new standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 will replace IAS 17 - Leases ("IAS 17"). This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. As the Company has no material lease contracts that fall under IFRS 16, the adoption of this standard has not resulted in any material changes in the financial statements.

(n) New accounting standard not yet effective

On June 7, 2017, the IASB issued IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. The Company does not expect the Interpretation to have a material impact on the financial statements.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

3. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its operating activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

The Company considers its capital to be equity, comprising share capital, shares to be issued, reserves and accumulated deficit, which at December 31, 2018, totaled \$57,835 (December 31, 2017 - \$570,640) which is a decrease of \$512,805.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2018. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

4. Financial risk management

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with a major Canadian chartered bank, from which management believes the risk of loss to be minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities or sale of assets. As at December 31, 2018, the Company had cash of \$7,523 (December 31, 2017 - \$206,627) to settle current liabilities of \$59,293 (December 31, 2017 - \$37,942). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company's ability to continually meet its obligations is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

4. Financial risk management (continued)

(iii) Market risk

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

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt at December 31, 2018. The Company's current policy is to invest surplus cash in high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is nil.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market.

The Company has \$100,000 invested in marketable securities as at December 31, 2018. These investments are classified as FVTPL and are subject to equity price risk. The fluctuation in the price of these marketable securities could have a significant impact on the Company's profit or loss for the year ended December 31, 2018. The Company's year end equity would also increase or decrease by the additional profit or loss amount.

Sensitivity analysis

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

(i) Cash is subject to floating interest rates. The Company receives low interest rates on its cash balances. As such, the Company does not have significant interest rate risk.

(ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) The Company's marketable securities are denominated in Canadian dollars and are subject to fair value fluctuations. As at December 31, 2018, if the fair value of the Company's marketable securities had increased/decreased by 20% with all other variables held constant, income for the year ended December 31, 2018, would have been approximately \$20,000 higher/lower. Similarly, as at December 31, 2018, the Company's reported shareholders' equity would have been approximately \$20,000 higher/lower as a result of a 20% increase/decrease in marketable securities.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

5. Fair value measurements of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(a) Assets and liabilities measured at fair value on a recurring basis:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate fair value
As at December 31, 2018				
Marketable securities	\$ 100,000	\$ -	\$ -	\$ 100,000
As at December 31, 2017				
Marketable securities	\$ 391,475	\$ -	\$ -	\$ 391,475

Valuation technique

Common shares of Yorbeau Resources Inc. ("Yorbeau") are listed on the Toronto Stock Exchange and are measured using the bid price at year end.

(b) Categories of financial instruments

As at December 31,	2018	2017
Financial assets:		
FVTPL		
Marketable securities	\$ 100,000	\$ 391,475
Amortized cost		
Cash	7,523	206,627
Financial liabilities:		
Amortized cost		
Amounts payable and other liabilities - all due within the year	\$ 59,293	\$ 37,942

The Company has not offset financial assets with financial liabilities.

The carrying value of the Company's cash and amounts payable and other liabilities is close to fair value due to their short-term maturity.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

6. Amounts receivable and other assets

As at December 31,	2018	2017
Sales tax receivable - Canada	\$ 6,084	\$ 6,299
Prepaid expenses	3,521	4,181
	\$ 9,605	\$ 10,480

7. Marketable securities

December 31, 2018	Number of shares	Cost	Unrealized loss	Fair value
Yorbeau	5,000,000	\$ 300,000	\$ (200,000)	\$ 100,000

December 31, 2017	Number of shares	Cost	Unrealized gain	Fair value
Yorbeau	5,592,500	\$ 335,550	\$ 55,925	\$ 391,475

During the year ended December 31, 2018, the Company sold 592,500 share of Yorbeau (year ended December 31, 2017 - 1,705,000 shares) for gross proceeds of \$17,650 (year ended December 31, 2017 - \$136,290) and recorded a realized loss on marketable securities of \$17,900 (year ended December 31, 2017 - realized gain of \$33,989) in profit or loss.

During the year ended December 31, 2018, the Company recorded an unrealized loss on marketable securities of \$255,925 (year ended December 31, 2017 - unrealized loss of \$199,488) in profit or loss.

8. Amounts payable and other liabilities

Amounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

As at December 31,	2018	2017
Trade payables	\$ 48,983	\$ 12,388
Accrued liabilities	10,310	25,554
	\$ 59,293	\$ 37,942

The following is an aged analysis of the amounts payable and other liabilities:

As at December 31,	2018	2017
Less than 1 month	\$ 39,274	\$ 37,942
1 to 3 months	16,629	-
Greater than 3 months	3,390	-
	\$ 59,293	\$ 37,942

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

9. Share capital

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

As at December 31, 2018, the issued share capital amounted to \$24,570,737. Changes in issued share capital for the years presented are as follows:

	Number of common shares	Amount
Balance, December 31, 2016 and 2017	8,327,335	\$ 24,390,737
Shares issued for mineral property (note 12(a))	2,000,000	180,000
Balance, December 31, 2018	10,327,335	\$ 24,570,737

10. Stock options

The Company adopted an incentive stock option plan (the "Plan"), dated December 13, 2002, which provides that the directors of the Company may, from time to time, grant to directors, employees and consultants of the Company, or any subsidiary of the Company, the option to purchase common shares, provided that the number of common shares reserved for issuance under the Plan not exceed ten percent (10%) of the issued and outstanding common shares. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares in any twelve-month period. The Plan provides that the terms of the option and the option price shall be fixed by the directors of the Company. Stock options granted under the Plan may not be for a period longer than five years and the exercise price must be paid in full upon exercise of the option.

The following table reflects the continuity of stock options:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2016	385,000	0.50
Expired	(40,000)	0.50
Balance, December 31, 2017	345,000	0.50
Granted (i)	487,500	0.15
Cancelled	(40,000)	0.50
Balance, December 31, 2018	792,500	0.28

(i) On April 9, 2018, the Company granted 487,500 stock options to certain directors, officers and consultants of the Company. All options are exercisable at a price of \$0.15 per common share. The option vest immediately and expire in five years. The grant date fair value of \$55,234 or \$0.1133 per option was valued using the Black-Scholes valuation model with the following assumptions: share price of \$0.115, expected dividend yield of 0%, expected volatility of 221% which is based on historical volatility of the Company's share price, risk-free rate of return of 2.00% and an expected maturity of 5 years. For the year ended December 31, 2018, \$55,234 was expensed to share-based compensation.

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Notes to Financial Statements

Years Ended December 31, 2018 and 2017

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10. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of December 31, 2018:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
September 2, 2019	0.50	0.67	305,000	305,000
April 9, 2023	0.15	4.27	487,500	487,500
		2.89	792,500	792,500

11. Net loss per common share

The calculation of basic and diluted loss per share for the year ended December 31, 2018 was based on the loss attributable to common shareholders of \$568,039 (year ended December 31, 2017 - loss of \$564,658) and the weighted average number of common shares outstanding of 9,976,650 (year ended December 31, 2017 - 8,327,335). Diluted loss per share did not include the effect of 792,500 stock options (December 31, 2017 - 345,000 stock options) as they are anti-dilutive.

12. Exploration and evaluation expenditures

	Year Ended December 31,	
	2018	2017
Coppercorp Property (a)		
Property acquisition costs	\$ -	\$ 180,000
General and geology	61,236	17,048
Geochemistry	4,012	-
Sample analysis	-	1,018
Professional fees	1,000	-
Administration	-	951
Total	\$ 66,248	\$ 199,017

(a) Coppercorp Property

On September 18, 2017, the Company entered into a definitive purchase agreement (the "Agreement") to acquire from Superior Copper Corporation (the "Vendor") a 100% interest in 132 unpatented mining claims (the "Claims") situated in Kinkaid, Ryan and Palmer townships in the Province of Ontario.

Pursuant to the terms of the Agreement, the Vendor has agreed to sell, transfer, convey, assign and deliver to the Company: (i) all right, title and interest to the Claims; and (ii) its rights and interest to all core, photocopies of all maps, reports, results of surveys and drilling and any other reports of information prepared or in possession or under the control of the Vendor relating to the Claims (items (i)-(ii) are collectively referred to herein as the "Mining Assets"), in consideration for the issuance of 2 million common shares in the capital stock of the Company and the grant of a 0.5% net smelter return royalty on the Claims in favour of the Vendor.

During the year ended December 31, 2018, the Company issued 2 million common shares of the Company pursuant to the Agreement. The common shares were valued at \$180,000 (based on the share price of the Company as at September 18, 2017). As a result of the issuance of the 2 million common shares, the Company owned 100% of the claims. All of the claims carry a 0.5% royalty payable to Superior Copper Corp., with the exception of 4 claims which carry an additional 1.5% royalty.

CR Capital Corp.**Notes to Financial Statements****Years Ended December 31, 2018 and 2017****(Expressed in Canadian dollars)**

13. General and administrative

	Year Ended December 31,	
	2018	2017
Professional fees	\$ 93,573	\$ 107,572
Share-based compensation (note 10(i))	55,234	-
Management compensation	37,000	53,000
Office and general	30,201	11,673
Shareholder and investors relations	13,252	13,944
Reporting issuer costs	10,559	11,798
Bank charges	158	729
	\$ 239,977	\$ 198,716

14. Related party disclosures

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Remuneration of directors and key management personnel (including Chief Executive Officer, Chief Financial Officer ("CFO") and directors), other than consulting fees, of the Company was as follows:

	Year Ended December 31,	
	2018	2017
Management compensation and salaries and benefits ⁽¹⁾⁽²⁾	\$ 55,540	\$ 71,506
Share-based compensation	\$ 50,986	\$ -

(1) Salaries and benefits include director fees. The Board of Directors and select officers do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to fees and stock options for their services. During the year ended December 31, 2018 and the year ended December 31, 2017, the directors of the Company have waived their director fees to conserve cash. As at December 31, 2018, officers and directors (excluding the CFO) were owed \$11,491 (December 31, 2017 - \$4,000) and this amount was included in amounts payable and other liabilities.

(2) The amounts charged are recorded at their fair value.

The Company entered into the following transactions with related parties:

		Year Ended December 31,	
	Notes	2018	2017
Marrelli Support Services Inc. ("Marrelli Support")	(i)	\$ 27,128	\$ 27,207
DSA Corporate Services Inc. ("DSA")	(ii)	\$ 14,966	\$ 17,102

(i) During the year ended December 31, 2018, the Company paid professional fees of \$27,128 (year ended December 31, 2017 - \$27,207) to Marrelli Support, an organization of which Carmelo Marrelli is president. Carmelo Marrelli is the CFO of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. As at December 31, 2018, Marrelli Support was owed \$15,358 (December 31, 2017 - \$6,910) and this amount was included in amounts payable and other liabilities.

CR Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2018 and 2017

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14. Related party disclosures (continued)

(ii) During the year ended December 31, 2018, the Company paid professional fees of \$14,966 (year ended December 31, 2017 - \$17,102) to DSA, an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. As at December 31, 2018, DSA was owed \$5,134 (December 31, 2017 - \$2,573) and this amount was included in amounts payable and other liabilities.

All amounts due to related parties are unsecured, non-interest bearing and due on demand.

15. Income taxes

(a) Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of approximately 26.5% (2017 - 26.9%) are as follows:

Year Ended December 31,	2018	2017
Loss before income taxes	\$ (580,050)	\$ (562,478)
Expected income tax recovery based on statutory rate:	154,000	151,307
Adjustments to expected income tax benefit:		
Share-based compensation	(15,000)	-
Quebec tax credits	12,011	2,180
Other	(36,000)	(72,292)
Change in benefit of tax assets not recognized	(103,000)	(83,375)
Income tax recovery (expense)	\$ 12,011	\$ (2,180)

The 2018 statutory tax rate of 26.5% differs from the 2017 statutory tax rate of 26.9% because of the Company no longer continues operations in Quebec.

(b) Deferred income tax

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

Year Ended December 31,	2018	2017
Unrecognized Deferred Tax Assets		
Mineral property costs	\$ 5,361,000	\$ 4,515,000
Non-capital loss carry-forwards	5,018,000	4,841,000
	\$ 10,379,000	\$ 9,356,000

The tax losses expire from 2026 to 2038. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

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Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

15. Income taxes (continued)

(c) Tax loss carry-forwards

At December 31, 2018, the Company has available non-capital losses carry-forwards for Canadian tax purposes that have not been recognized in the financial statements and that will expire as follows:

2026	\$	374,000
2027		319,000
2028		813,000
2029		430,000
2030		787,000
2031		280,000
2032		562,000
2033		431,000
2034		445,000
2036		203,000
2037		181,000
2038		<u>193,000</u>
	\$	<u>5,018,000</u>

16. Segmented information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts. In order to determine reportable operating segments, the chief operating decision maker reviews various factors including geographical location, quantitative thresholds and managerial structure.

17. Contingencies

Environmental contingencies

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. The Company believes its operations are materially in compliance with all applicable laws and regulations.

The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. Management estimates that there is no material financial effect of environmental contingencies as at the dates presented in the statements of financial position.

Tax matters

In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. While the Company believes that its tax filing positions are appropriate and supportable, from time to time, certain matters are reviewed and challenged by the tax authorities.

The Company regularly reviews the potential for adverse outcomes in respect of tax matters. The Company believes that the ultimate disposition of any tax matters in dispute with tax authorities will not have a material adverse effect on its liquidity, financial position or results of operations because the Company believes that it has complied with the appropriate taxation rules. Should the ultimate tax liability materially differ from the Company's expectations, the Company's cash position could be affected positively or negatively in the period in which the matters are resolved.