
INVENTUS MINING CORP.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Inventus Mining Corp.

Opinion

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

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

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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 in the financial statements, which indicates that the Entity incurred a net loss of \$806,517 during the year ended December 31, 2018. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Entity'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 consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

We obtained the Management 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 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated 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 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 part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 Group'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 Group'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 consolidated 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 Group 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Stephen McCourt.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 26, 2019

Inventus Mining Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2018	As at December 31, 2017
ASSETS		
Current assets		
Cash	\$ 548,194	\$ 687,361
Amounts receivable (note 5)	19,678	220,613
Prepaid expenses	13,361	22,646
Total current assets	581,233	930,620
Non-current assets		
Investment in private company	-	1
Equipment	-	1
Total non-current assets	-	2
Total assets	\$ 581,233	\$ 930,622
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 82,196	\$ 161,528
Total liabilities	82,196	161,528
Shareholders' equity		
Share capital (note 7)	19,342,675	19,018,188
Warrants (note 9)	556,775	405,596
Contributed surplus	4,685,297	4,624,503
Deficit	(24,085,710)	(23,279,193)
Total shareholders' equity	499,037	769,094
Total liabilities and shareholders' equity	\$ 581,233	\$ 930,622

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

Nature of Operations and Going Concern (note 1)

Commitment (note 15)

Approved on behalf of the Board:

"Stefan Spears" _____ Director (Signed)

"Doug Hunter" _____ Director (Signed)

Inventus Mining Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended December 31, 2018	Year ended December 31, 2017
Expenses		
Exploration and evaluation expenditures (note 11)	\$ 598,098	\$ 757,914
Office and general (note 12)	100,855	109,961
Professional fees (note 12)	64,431	107,464
Stock-based compensation (note 8)	43,131	262,147
Write-off of private investment	1	-
Write-off of equipment	1	-
	806,517	1,237,486
Net loss and comprehensive loss for the year	\$ (806,517)	\$ (1,237,486)
Net loss and comprehensive loss per share - basic and diluted (note 10)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding - basic and diluted (note 10)	107,509,343	102,423,124

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

Inventus Mining Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2018	Year ended December 31, 2017
Operating activities		
Net loss for the year	\$ (806,517)	\$ (1,237,486)
Adjustments for:		
Stock-based compensation	43,161	262,147
Stock-based compensation included in exploration and evaluation expenditures	17,633	83,100
Write-off of private investment	1	-
Write-off of equipment	1	-
Changes in non-cash working capital items:		
Amounts receivable	200,935	(195,693)
Prepaid expenses	9,285	14,537
Accounts payable and accrued liabilities	(79,332)	47,510
Net cash used in operating activities	(614,833)	(1,025,885)
Financing activities		
Proceeds from private placement	499,500	1,000,000
Share issue costs	(23,834)	(18,718)
Net cash provided by financing activities	475,666	981,282
Net change in cash	(139,167)	(44,603)
Cash, beginning of year	687,361	731,964
Cash, end of year	\$ 548,194	\$ 687,361

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

Inventus Mining Corp.**Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)**

	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2016	\$ 18,442,502	\$ 797,821	\$ 3,481,435	\$(22,041,707)	\$ 680,051
Stock-based compensation	-	-	345,247	-	345,247
Private placement (note 7(b)(i))	586,667	413,333	-	-	1,000,000
Share issue costs	(10,981)	(7,737)	-	-	(18,718)
Warrants expired	-	(797,821)	797,821	-	-
Net loss for the year	-	-	-	(1,237,486)	(1,237,486)
Balance, December 31, 2017	19,018,188	405,596	4,624,503	(23,279,193)	769,094
Stock-based compensation	-	-	60,794	-	60,794
Private placement (note 7(b)(ii))	342,990	156,510	-	-	499,500
Share issue costs	(18,503)	(5,331)	-	-	(23,834)
Net loss for the year	-	-	-	(806,517)	(806,517)
Balance, December 31, 2018	\$ 19,342,675	\$ 556,775	\$ 4,685,297	\$(24,085,710)	\$ 499,037

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

Inventus Mining Corp.
Notes to Consolidated Financial Statements
Years Ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Inventus Mining Corp. (the "Company" or "Inventus") was incorporated under the Canada Business Corporations Act and is engaged in the business of locating and exploring mineral properties. Substantially all of the efforts of the Company are devoted to these business activities. The Company commenced trading on the TSX Venture Exchange ("TSXV") on May 5, 2015 under the new symbol IVS. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's registered office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

The Company is in the process of exploring its mining claims and has not yet determined whether or not the properties will contain economically recoverable reserves.

As is common with exploration companies, the Company is dependent upon obtaining financing to continue its on-going and planned exploration activities and to cover administrative costs. As at December 31, 2018, the Company had working capital of \$499,037 (December 31, 2017 - working capital of \$769,092) and a deficit of \$24,085,710 (December 31, 2017 - \$23,279,193). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The Company's ability to continue operations and fund its planned exploration and evaluation expenditures is dependent on management's ability to manage its expenditures and raise funds.

Due to continuing operating losses and limited working capital, the Company's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop mineral projects and ultimately, to achieve profitable operations. The success of these endeavours cannot be predicted at this time. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

2. Significant Accounting Policies

Statement of Compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as at December 31, 2018. The Board of Directors approved the statements on March 26, 2019.

Inventus Mining Corp.
Notes to Consolidated Financial Statements
Years Ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and of its wholly-owned subsidiaries, Mount Logan Resources Ltd. ("Mount Logan"), Mount Logan Holdings Inc., Mount Logan Holdings Limited and Mount Logan (US) Corp. In addition, Kurland Metals Corporation was incorporated on March 17, 2017 and was included in the consolidation.

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed or has rights to variable returns from an investee and has the ability to affect those returns through its power over the investee. The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments.

Financial Instruments

IFRS 9 Financial Instruments ("IFRS 9")

On July 24, 2014, the IASB issued the completed IFRS 9 to come into effect on January 1, 2018.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"), for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its financial statements on January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on January 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

Inventus Mining Corp.
Notes to Consolidated Financial Statements
Years Ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

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	FVTPL	FVTPL
Investments in private company - common shares	Available for sale	FVTPL
Investment in private companies - warrants	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

Mining Interests

The Company expenses exploration and evaluation expenditures as incurred. 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. Development costs include costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production. Revenues generated as part of a bulk sample to test mineral content are netted against exploration and evaluation expenditures when title is transferred and the amount is collectible.

Stock-Based Compensation

The Company accounts for all employee equity-settled stock-based payments using a fair value based method incorporating the Black-Scholes option pricing model.

Under the fair value based method, compensation cost attributable to options granted is measured at fair value at the grant date and is either recorded at the date of grant, in the case of options that vest immediately, or over the vesting period in the case of options that vest over a period of time. In the latter case, the amount recognized as an expense from time to time is adjusted to reflect any changes in the Company's estimate of the shares that will eventually vest and the effect of any non-market vesting conditions.

Share-based payment arrangements in which the Company receives goods or services as consideration are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of equity instruments granted.

Warrants

The Company follows the relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The proceeds from the issuance of units are allocated between share capital and warrants. Unit proceeds are allocated to shares and warrants using the Black-Scholes option pricing model and the share price at the time of financing.

If and when the warrants are exercised, the applicable relative fair value recognized in warrants is transferred to share capital. Any consideration paid on the exercise of the warrants is credited to capital stock. For those warrants that expire unexercised on maturity, the recorded value is transferred to contributed surplus.

Inventus Mining Corp.
Notes to Consolidated Financial Statements
Years Ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

Income Taxes

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity.

Current income taxes

Current taxes are the expected taxes payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred income taxes

The Company accounts for income taxes under the asset and liability method. Under this method of tax allocation, deferred income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases (temporary differences).

Deferred income taxes are measured using the tax rates that are expected to be in effect when the temporary differences are likely to reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The effect on deferred income tax assets and liabilities of a change in tax rates is included in earnings in the period in which the change is substantively enacted. The amount of deferred income tax assets recognized is limited to the amount that is probable to be realized.

Decommissioning liability

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the company's exploration and evaluation activities. Discount rates using a pretax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no restoration, rehabilitation and environment costs as at December 31, 2018 and December 31, 2017.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

Loss Per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share.

Inventus Mining Corp.
Notes to Consolidated Financial Statements
Years Ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

Share Issuance Costs

Costs incurred in connection with the issuance of share capital and units are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received. Costs related to the issuance of units and incurred prior to issuance are allocated between share capital and warrants.

Foreign Currencies

The presentation currency of the Company is the Canadian dollar, which is the functional and presentation currency of the parent company. The functional currency for a subsidiary is the currency of the primary economic environment in which the subsidiary operates. As of December 31, 2018 and 2017, the functional currency was determined to be the Canadian dollar for each subsidiary.

Foreign currency transactions are translated into the functional currency of the entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized within general and administrative expenses in the consolidated statement of loss. Non-monetary items, which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Accounting Estimates and Judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates. Significant estimates and judgments include:

- as more fully described in notes 8 and 9, calculation of the fair value of stock options and warrants issued requires the use of estimates of inputs in the applicable stock option valuation models;
- the fair value of the investments in private companies;
- the recoverability of deferred income tax assets, including expected periods of reversal of temporary differences and expectations of future taxable income, are assessed by management at the end of each reporting period;
- management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to advance the mineral properties;
- management assumption of no material restoration, rehabilitation and environmental, based on the facts and circumstances that existed during the period; and
- management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for the Company's mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, related development expenditures will be capitalized.

Inventus Mining Corp.
Notes to Consolidated Financial Statements
Years Ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

Comprehensive Loss

Comprehensive loss measures net loss for the period plus other comprehensive income (loss). Other comprehensive income (loss) consists of changes to unrealized gains and losses on FVOCI financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of foreign operations during the period. Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. To date there has not been any other comprehensive income (loss), and accordingly, net loss equals comprehensive loss.

Future Accounting Pronouncements

The accounting pronouncements detailed in this note have been issued but are not yet effective. The Company has not early adopted these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

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 consolidated financial statements.

On January 13, 2016, the IASB issued IFRS 16 Leases. The new standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 will replace IAS 17 Leases. 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. The Company intends to adopt IFRS 16 in its financial statements for the period beginning on January 1, 2019. The Company does not expect the Interpretation to have a material impact on the consolidated financial statements.

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 through enhancing the share value.

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 considers its capital to be equity, comprising share capital, warrants, contributed surplus and deficit, which at December 31, 2018, totalled a surplus of \$499,037 (December 31, 2017 - surplus of \$769,094).

Inventus Mining Corp.
Notes to Consolidated Financial Statements
Years Ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

3. Capital Risk Management (Continued)

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 forecast is updated based on activities related to its mineral properties.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2018 and December 31, 2017.

4. Financial Risk Factors

The Company is exposed to credit risk, market risk (consisting of interest rate risk, currency risk, and other price risk), and liquidity risk.

(a) Credit Risk

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company mitigates its exposure to credit loss by placing its cash with major financial institutions.

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices and consists of two types of risk: interest rate risk and other currency risk.

(i) Interest rate risk arises because of changes in market interest rates. The Company's cash is subject to minimal risk of changes in value and are readily convertible into cash.

(ii) Currency risk arises because of changes in foreign exchange rates. The currency risk in the US subsidiary is immaterial.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities as they come due. The Company's investment policy is to invest its excess cash in high-grade investment securities with varying terms to maturity, selected with regard to the expected timing of expenditures for continuing operations. Accounts payable and accrued liabilities are all current. The Company monitors its liquidity position and budgets future expenditures, in order to ensure that it will have sufficient capital to satisfy liabilities as they come due.

As at December 31, 2018, the Company has accounts payable and accrued liabilities of \$82,196 (December 31, 2017 - \$161,528) due within 12 months and has cash of \$548,194 (December 31, 2017 - \$687,361) to meet its current obligations.

The Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financings.

Inventus Mining Corp.
Notes to Consolidated Financial Statements
Years Ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

5. Amounts Receivable

As at December 31,	2018	2017
Sales tax receivable - (Canada)	\$ 19,678	\$ 24,130
Bulk sample gold sale	-	196,483
Total	\$ 19,678	\$ 220,613

6. Accounts Payable and Accrued Liabilities

As at December 31,	2018	2017
Falling due within the year		
Trade payables	\$ 59,026	\$ 143,848
Accrued liabilities	23,170	17,680
Total	\$ 82,196	\$ 161,528

7. Share Capital

(a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares.

(b) Common shares issued

The change in issued share capital for the periods presented were as follows:

	Number of Shares	Amount
Balance, December 31, 2016	100,304,403	\$ 18,442,502
Private placement (i)	6,666,666	586,667
Share issue costs	-	(10,981)
Balance, December 31, 2017	106,971,069	19,018,188
Private placement (ii)	3,330,000	342,990
Share issue costs	-	(18,503)
Balance, December 31, 2018	110,301,069	\$ 19,342,675

(i) On September 6, 2017, Inventus closed a non-brokered private placement financing for aggregate gross proceeds of \$1,000,000 (the "Issue"). The Issue consisted of the sale of 6,666,666 units (each, a "Unit") at a price of \$0.15 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share at a price of \$0.25 for a period of two (2) years after the closing date of the Issue. All securities issued and issuable pursuant to the Issue will be subject to a four month and one day statutory hold period.

Evanachan subscribed for 3,333,333 Units, Stefan Spears, the Company's CEO subscribed for 65,001 Units and Marrelli Capital Limited, controlled by Carmelo Marrelli, the Company's Chief Financial Officer ("CFO"), subscribed for 66,666 Units.

A relative value of \$413,333 was estimated for the 6,666,666 warrants on the date of grant using a relative fair value method. Inputs in the Black-Scholes option pricing model included: market price on valuation date of \$0.225; expected dividend yield of 0%; expected volatility of 152% using the historical price history of the Company; risk-free interest rate of 1.44%; and an expected average life of two (2) years.

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7. Share Capital (continued)

(ii) On November 2, 2018, Inventus announced that it has closed a non-brokered private placement of units of the Company ("Securities") at \$0.15 per Security for the overall gross proceeds of \$499,500 (the "Offering"). Each Security consists of one common share of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant is exercisable into a Common Share at \$0.25 for two years. All securities issued and issuable pursuant to the issue will be subject to a four month and one day statutory hold period.

In connection with the Offering, Pollitt & Co. Inc. and Canaccord Genuity Wealth Management will be paid a commission of \$1,170 and will receive 7,800 finders' warrants with each finders' warrant exercisable into a Security at \$0.15 per Security for a period of one year.

A relative value of \$156,510 was estimated for the 3,330,000 warrants on the date of grant using a relative fair value method. Inputs in the Black-Scholes option pricing model included: market price on valuation date of \$0.12; expected dividend yield of 0%; expected volatility of 124% using the historical price history of the Company; risk-free interest rate of 2.35%; and an expected average life of two (2) years.

A value of \$345 was estimated for the 7,800 finders' warrants on the date of grant.

8. Stock Options

The Company has a formal stock option plan (the "Plan"). The Plan is referred to as a "floating" plan and provides for an aggregate number of shares reserved for issuance of up to 10% of the Company's issued common shares at the time of the grant of a stock option under the Plan. The number of options granted to any one consultant in any 12 month period cannot exceed 2% of outstanding shares. The aggregate number of shares reserved for issuance to any one optionee that is an officer, director or employee in any 12 month period cannot exceed 5% of the outstanding shares. The aggregate number of options granted to any optionee that provides investor relations service to the corporation in any 12 month period cannot exceed 2% of the issued and outstanding shares on a non-diluted basis at the time of the grant. Options granted under the plan generally vested upon issuance.

The following table reflects the continuity of stock options for the years presented:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2016	3,677,500	\$ 0.30
Options granted	1,525,000	0.21
Options expired	(1,250,000)	0.38
Options cancelled	(325,000)	0.25
Balance, December 31, 2017 and December 31, 2018	3,627,500	\$ 0.24

During the year ended December 31, 2018 the weighted average share price on the date of exercise of the options was \$nil (2017 - \$0.21).

The weighted average fair value of the options granted in the year was estimated at \$nil (2017 - \$0.19) by using the Black-Scholes option pricing model with the following weighted average assumptions:

	2018	2017
Share price	\$nil	\$0.20
Risk-free interest rate	nil%	1.10%
Dividend yield	nil%	0%
Volatility	nil%	169.4%
Expected life	n/a	5 years

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8. Stock Options (continued)

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is calculated as the variation of the Company's share price over a look back period equal to the expected life of the option at issuance. Changes in the underlying assumptions can materially affect the fair value estimates.

The Company had the following stock options outstanding as of December 31, 2018:

Number of Options	Exercisable	Exercise Price	Weighted Average Remaining Contractual Life (years)	Expiry Date
677,500	677,500	\$0.20	1.40	May 26, 2020
1,425,000	1,425,000	\$0.28	2.41	May 30, 2021
1,525,000	1,525,000	\$0.21	3.25	March 30, 2022
3,627,500	3,627,500		2.58	

9. Warrants

The following table reflects the continuity of warrants for the years presented:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2016	4,916,666	\$ 0.25
Warrants expired	(4,916,666)	0.33
Warrants issued (note 7(b)(i))	6,666,666	0.25
Balance, December 31, 2017	6,666,666	0.25
Warrants issued (note 7(b)(ii))	3,337,800	0.25
Balance, December 31, 2018	10,004,466	\$ 0.25

The Company had the following warrants outstanding at December 31, 2018:

Number of Warrants	Exercise Price	Expiry Date
6,666,666	\$0.25	September 6, 2019
3,330,000	\$0.25	November 2, 2020
7,800	\$0.15	November 2, 2019
10,004,466		

10. 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 \$806,517 (year ended December 31, 2017 - \$1,237,486) and the weighted average number of common shares outstanding of 107,509,343 (year ended December 31, 2017 - 102,423,124) for basic and diluted loss per share. Diluted loss did not include the effect of warrants and options for the year ended December 31, 2018 and 2017, as they are anti-dilutive.

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11. Exploration and Evaluation Expenditures

Year Ended December 31,	2018	2017
Pardo Project	\$ 513,495	\$ 742,261
Sudbury 2.0 Project	84,603	-
Other	-	15,653
	\$ 598,098	\$ 757,914

For details on the exploration and evaluation expenditures see the attached schedules on pages 20 and 21.

Pardo Property, Sudbury Mining Division, Ontario

The Company and Endurance Gold Corporation (“Endurance”) were parties to a joint venture agreement dated March 22, 2012 (“Pardo Joint Venture”). The Pardo Joint Venture relates to the Pardo Project which consists of 16 mining claims located approximately sixty-five (65) kilometres northeast of Sudbury, Ontario (the “Pardo Paleoplacer Gold Project”).

In 2014, the Company and Endurance agreed that pursuant to the terms of the Pardo Joint Venture, Mount Logan Resources Ltd., a wholly owned subsidiary of the Company, held a 64.5% interest and Endurance held a corresponding 35.5% interest in the Pardo Joint Venture. The Pardo Paleoplacer Gold Project was subject to a pre-existing three percent (3%) net smelter return royalty (“Pardo Royalty”) of which Endurance had a proportional right to purchase at any time a one and a half percent (1.5%) of the Pardo Royalty for \$1,500,000.

On November 30, 2016, the Company completed the purchase of the 35.5% interest in the Pardo Joint Venture from Endurance in exchange for the issuance of 25,500,000 common shares of the Company at a fair value of \$0.18 per share, and a cash payment of \$75,000. As a result of this transaction, the Company now owns 100% of the assets comprising the Pardo Joint Venture, including the Pardo Paleoplacer Gold Project. The purchased property is subject to the pre-existing three percent (3%) net smelter return royalty, of which one and a half percent (1.5%) can be purchased for \$1,500,000 at any time.

On January 3, 2018, the Company provided results of a 1000-tonne bulk sample from the Pardo Paleoplacer Gold Project (the “Bulk Sample”). McEwen Mining, a related party to the Company, processed the Bulk Sample (note 12).

Sudbury 2.0, Sudbury Mining Division, Ontario

In May 2018, the Company staked 100%-owned mineral claims covering 188 square kilometres that target the Temagami Magnetic Anomaly.

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12. Related Party Balances and Transactions

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

The noted transactions below are in the normal course of business.

Salaries paid, or otherwise accrued, to key management personnel (defined as the current Chief Executive Officer ("CEO") and non-executive directors) totaled \$nil (year ended December 31, 2017 - \$nil). As at December 31, 2018, key management personnel was owed \$nil (December 31, 2017 - \$nil) and these amounts were included in accounts payable and accrued liabilities. The Chief Financial Officer ("CFO") is also part of key management. Fees paid to the CFO were paid to Marrelli Support Services Inc. ("Marrelli Support") as disclosed below.

Stock-based compensation issued to key management personnel for the year ended December 31, 2018 was valued at \$51,810 (year ended December 31, 2017 - \$212,958).

During the year ended December 31, 2018, the Company paid professional fees and disbursements of \$39,463 (year ended December 31, 2017 - \$41,383) 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 and these amounts are included in professional fees. As at December 31, 2018, Marrelli Support was owed \$nil (December 31, 2017 - \$509) and these amounts were included in accounts payable and accrued liabilities.

During the year ended December 31, 2018, the Company paid professional fees and disbursements of \$13,498 (year ended December 31, 2017 - \$16,894) to DSA Corporate Services Inc. ("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 operation of corporate secretarial matters and these amounts are included in office and general expenses. As at December 31, 2018, DSA was owed \$1,133 (December 31, 2017 - \$1,222) and these amounts were included in accounts payable and accrued liabilities.

During the year ended December 31, 2018, the Company paid professional fees and disbursements of \$1,500 (year ended December 31, 2017 - \$1,850) to DSA Filing Services Limited ("Filing"), an organization of which Carmelo Marrelli controls. These services were incurred in the normal course of operation of filing matters and these amounts are included in office and general expenses. As at December 31, 2018, Filing was owed \$nil (December 31, 2017 - \$nil) and these amounts were included in accounts payable and accrued liabilities.

Inventus and McEwen Mining are related parties, meaning that members of management have economic interests in both companies. Stefan Spears, Chairman and CEO of Inventus, currently provides consulting services to McEwen Mining in areas that are unrelated to Inventus. As at December 31, 2018, the Company owed \$nil (2017 - \$50,703) to McEwen Mining. This amount represents bulk sampling costs related to the Pardo property. As well, as at December 31, 2018, McEwen Mining owed Inventus \$nil (2017 - \$196,483) for bulk sample gold sales. On January 15, 2018, the Company received \$145,780 from McEwen Mining, net of costs to settle the obligation.

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13. Income Taxes

Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian federal/provincial tax rates with the income tax expense in the consolidated financial statements:

	2018	2017
Loss before income taxes	\$ (806,517)	\$ (1,237,486)
Statutory rate	26.50%	26.50%
Expected income tax expense (recovery)	(213,727)	(327,934)
Stock-based compensation and other non-deductible expenses	16,110	91,663
Share issue costs and other	(21,305)	(2,455)
Change in deferred tax assets not recognized	218,922	238,726
Income tax expense (recovery)	\$ -	\$ -

Deferred Income Taxes

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

	2018	2017
Deferred tax assets (liabilities)		
Mineral properties and deferred exploration costs	\$ 2,481,313	\$ 2,354,679
Non-capital loss carry forwards	1,160,918	1,067,845
Share issue costs and other	16,963	17,748
Investment in private company	705,562	705,562
Other	10,696	10,695
Total deferred income tax assets	4,375,452	4,156,529
Deferred income tax assets not recognized	(4,375,452)	(4,156,529)
Net deferred income tax assets	\$ -	\$ -

Loss Carry Forwards

As at December 31, 2018, the Company has non-capital tax loss carryforwards of \$4,380,824 expiring as follows:

2030	\$ 110,711
2031	849,065
2032	42,192
2033	601,931
2034	741,533
2035	1,076,194
2036	537,336
2037	70,636
2038	351,226
	<u>\$ 4,380,824</u>

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14. 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 consolidated financial statements also represent segment amounts.

15. Commitments

As at December 31, 2018, the Company has the following rent commitment to be paid as follows:

2019	\$ <u>20,784</u>
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Inventus Mining Corp.**Schedule of Exploration and Evaluation Expenditures****(Expressed in Canadian Dollars)****Year Ended December 31, 2018**

	Sudbury 2.0 Project	Pardo	Total
Acquisition costs			
Staking	\$ 5,965	\$ -	\$ 5,965
	5,965	-	5,965
Exploration expenditures			
Wages and benefits	-	227,925	227,925
Consulting services	1,725	85,807	87,532
Engineering	-	43,986	43,986
Analysis	18,551	26,612	45,163
Stock-based compensation	-	17,663	17,663
Field equipment	-	13,622	13,622
Field supplies and consumables	2,880	8,976	11,856
Travel, consumables and accommodation	8,817	5,810	14,627
Rentals	46,665	13,460	60,125
Modelling	-	15,607	15,607
Insurance	-	6,461	6,461
Other	-	4,477	4,477
Casual labour	-	3,600	3,600
Utilities	-	3,689	3,689
Drilling	-	35,800	35,800
	78,638	513,495	592,133
Total exploration expenditures for the year	\$ 84,603	\$ 513,495	\$ 598,098

Inventus Mining Corp.**Schedule of Exploration and Evaluation Expenditures (Continued)****(Expressed in Canadian Dollars)****Year Ended December 31, 2017**

	Other	Pardo	Total
Acquisition costs			
Legal	\$ 10,128	\$ -	\$ 10,128
	10,128	-	10,128
Exploration expenditures			
Analysis	-	70,143	70,143
Bulk sample costs	-	44,870	44,870
Consulting services	-	34,216	34,216
Drilling	-	184,429	184,429
Engineering	-	37,442	37,442
Field equipment	-	2,111	2,111
Field supplies and consumables	-	48,577	48,577
Insurance	-	4,198	4,198
Permitting	-	77,462	77,462
Wages and benefits	-	199,526	199,526
Travel, consumables and accommodation	5,525	25,275	30,800
Rentals	-	178,708	178,708
Stock-based compensation	-	83,100	83,100
Survey costs	-	7,501	7,501
Junior Exploration Assistance Program (JEAP) recovery	-	(58,814)	(58,814)
Bulk sample gold sales	-	(196,483)	(196,483)
	5,525	742,261	747,786
Total exploration expenditures for the year	\$ 15,653	\$ 742,261	\$ 757,914