

SOFTROCK MINERALS LTD.
FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

(Expressed in Canadian dollars)

Softrock Minerals Ltd.**Financial Statements**

December 31, 2017 and 2016

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Independent Auditor's Report

To the Shareholders of Softrock Minerals Ltd.

We have audited the accompanying financial statements of Softrock Minerals Ltd., which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, and the statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Softrock Minerals Ltd. as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Softrock Minerals Ltd. to continue as a going concern.

**Calgary, Alberta
April 25, 2018**

**"Crowe MacKay LLP"
Chartered Professional Accountants**

Softrock Minerals Ltd.**Statements of Operations and Comprehensive Loss**

(Expressed in Canadian Dollars)

For the years ended December 31,	2017	2016
Revenue		
Royalty income	\$ 25,646	\$ 35,864
Interest income	833	-
	26,479	35,864
Expenses		
Operating	10,131	5,012
Professional fees (note 11)	63,189	28,238
General and administrative	29,197	33,184
Depreciation and depletion (note 5)	3,015	10,622
Impairments (notes 5 and 6)	19,343	18,454
Finance expense (note 7)	1,130	3,749
	126,005	99,259
Net and comprehensive loss	\$ (99,526)	\$ (63,395)
Loss per share		
Basic and diluted (note 8(c))	\$ (0.00)	\$ (0.00)

Softrock Minerals Ltd.

Statements of Financial Position (Expressed in Canadian Dollars)

December 31,	2017	2016
Assets		
Cash and cash equivalents	\$ 4,087	\$ 18,160
Accounts receivable	9,501	6,478
Prepaid expense	4,166	-
	17,754	24,638
Reclamation deposits	36,198	36,198
Property, plant and equipment (note 5)	48,428	51,443
Exploration and evaluation assets (note 6)	39,948	36,198
	\$ 142,328	\$ 148,477
Liabilities		
Current		
Accounts payable and accrued liabilities (note 11)	\$ 42,558	\$ 39,654
Debentures payable (note 15)	70,000	-
Decommissioning liabilities (note 7)	85,143	64,670
	197,701	104,324
Shareholders' equity (deficiency)		
Share capital (note 8 (b))	2,766,709	2,766,709
Warrants (note 8 (f))	-	20,000
Contributed surplus (note 9)	215,888	195,888
Deficit	(3,037,970)	(2,938,444)
	(55,373)	44,153
	\$ 142,328	\$ 148,477

Nature of operations and going concern (note 1)
Contingency (note 14)
Subsequent event (note 16)

On behalf of the Board:

(Signed) "Nick Taylor", Director

(Signed) "T. M. M. Bender", Director

See accompanying notes

Softrock Minerals Ltd.**Statements of Changes in Equity**
(Expressed in Canadian Dollars)

	Share capital	Warrants	Contributed surplus	Deficit	Total shareholders' equity (deficiency)
December 31, 2016	\$2,766,709	\$ 20,000	\$ 195,888	\$(2,938,444)	\$ 44,153
Expired warrants	-	(20,000)	20,000	-	-
Net and comprehensive loss	-	-	-	(99,526)	(99,526)
December 31, 2017	\$2,766,709	\$ -	\$ 215,888	\$(3,037,970)	\$ (55,373)

	Share capital	Warrants	Contributed surplus	Deficit	Total shareholders' equity (deficiency)
December 31, 2015	\$ 2,766,709	\$ 20,000	\$ 195,888	\$(2,875,049)	\$ 107,548
Net and comprehensive loss	-	-	-	(63,395)	(63,395)
December 31, 2016	\$ 2,766,709	\$ 20,000	\$ 195,888	\$(2,938,444)	\$ 44,153

Softrock Minerals Ltd.**Statements of Cash Flows**(Expressed in Canadian Dollars)

For the years ended December 31, **2017** **2016**

Cash provided by (used for)**Operating activities**

Net (loss) income for the year	\$ (99,526)	\$ (63,395)
Items not affecting cash:		
Depreciation and depletion	3,015	10,622
Accretion	1,130	3,749
Impairments	19,343	18,454
	(76,038)	(30,570)
Change in non-cash working capital items:		
Accounts receivable	(3,023)	(1,562)
Prepaid expense	(4,166)	-
Accounts payable and accrued liabilities	2,904	8,770
	(80,323)	(23,362)

Financing Activities

Proceeds from debentures	70,000	-
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Investing activities

Expenditures on exploration and evaluation assets	(3,750)	-
Decrease in cash	(14,073)	(23,362)
Cash, beginning of year	18,160	41,522
Cash, end of year	\$ 4,087	\$ 18,160

Supplemental cash flow information:

Interest paid	\$ 1,026	\$ -
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Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

1. Nature of operations and going concern

Softrock Minerals Ltd., (the "Company") is a public company incorporated under the Alberta Business Corporations Act with its shares traded on the TSX Venture Exchange. Softrock Minerals Ltd. carries on the business of oil and gas exploration and development in Canada. It is in initial stages of acquiring mineral claims in Alberta for the exploration and development of lithium potash storage caverns and diamonds.

The registered and head office address of the Company is 1010, 825 - 8th Avenue SW, Calgary, Alberta T2P 2T3.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

The Company's ability to maintain its current level of operations is dependent on its ability to generate sufficient cash to fund its strategic business plan. To date, the Company has no ongoing source of significant revenue other than its 3% gross overriding royalty ("GORR") interest from two producing wells located near Grand Forks, Alberta, and the 2.5% GORR on the Spirit River well in Alberta. The Company continues to incur losses from operations. At December 31, 2017, the Company had cash of \$4,087 (2016 - \$18,160) and a working capital deficit of \$24,804 (2016 - working capital deficit of \$15,016). These factors cast significant doubt as to the Company's ability to continue as a going concern.

On June 15, 2017 the Company issued, on a private placement basis to Directors and insiders, 70 convertible, unsecured, subordinated debentures at \$1,000 each for a total of \$70,000. The debentures are convertible into common shares and pay interest at 5% per annum payable quarterly in arrears. Subsequent to year-end, the debentures were extended for an additional 12 months (note 15).

While Management believes the Company will have sufficient cash to discharge its obligations in the normal course of operations for the short-term, future operations will continue to be dependent upon the successful ongoing exploration and development of the Company's mineral property interests and/or raising of sufficient capital, and the corresponding generation of future cash flows. Management believes the going concern assumption is appropriate for these financial statements. The Company's ability to continue as a going concern on a longer term basis depends on its ability to successfully raise additional financing for further exploration activity and development or to enter into profitable operations.

While the Company has been successful to date in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. If the going concern assumption were not appropriate for these financial statements, adjustments might be necessary to the carrying value of assets and liabilities, reported revenues and expenses and the statement of financial position classifications used.

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

2. Basis of presentation

(a) Statement of compliance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of financial statements as issued by the International Accounting Standards Board, and applicable International Accounting Standards ("IAS").

These financial statements were approved by the Board of Directors on April 25, 2018.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as detailed in the Company's accounting policies disclosed in Note 3. The accounting policies have been applied consistently to all periods presented in these financial statements.

(c) Functional and reporting currencies

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgment

The timely preparation of financial statements requires that management make estimates and assumptions and use judgment regarding assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant accounting estimates and judgments used in the preparation of the financial statements are described in Note 4.

3. Significant accounting policies

Revenue

Royalty income is recognized on operating lease rights as it accrues in accordance with the terms of the overriding royalty agreements.

The costs associated with the delivery, including operating and maintenance costs, transportation, and production-based royalty expenses are recognized in the same period in which the related revenue is earned and recorded.

Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts and short-term deposits that are redeemable at any time without penalty. Cash and cash equivalents are designated as fair value through profit or loss and are carried at Level 1 fair value measurement. There were no cash equivalents as at December 31, 2017 and 2016.

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

3. Significant accounting policies (continued)

Income taxes

The Company follows the liability method of accounting for income taxes whereby deferred income taxes are recorded for unused tax losses, tax credits and the effect of differences between the accounting and income tax basis of an asset or liability. Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates at the statement of financial position date that are anticipated to apply to taxable income in the years in which temporary differences are anticipated to be recovered or settled. Changes to these balances are recognized in income in the period which they occur. Investment tax credits are recorded as an offset to the related expenditures. Deferred income tax assets are recognized to the extent that it is probable that there will be taxable profits against which deductible temporary differences can be utilized.

Mineral exploration and evaluation expenditures

Pre-exploration costs

Pre-exploration costs are expenditures in the period in which they are incurred.

Exploration and evaluation expenditures

Exploration expenditures are expensed as incurred until an economic feasibility study has established the presence of proven and probable reserves, at which time exploration expenditures incurred on the property thereafter are capitalized.

Costs relating to the acquisition and claim maintenance of mineral properties, including option payments and annual fees to maintain the property in good standing, are capitalized as intangible assets and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production.

The Company assesses its capitalized mineral property costs for indications of impairment each reporting period and when events and circumstances indicate a risk of impairment. A property is written down or written off when the Company determines that an impairment of value has occurred or when exploration results indicate that no further work is warranted.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, or title may be affected by undetected defects.

Oil and natural gas exploration and evaluation expenditures

(i) Recognition and measurement

Costs of exploring for and evaluating oil and natural gas properties are initially capitalized within exploration and evaluation assets. Such exploration and evaluation costs may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling and testing, directly attributable overhead and administration expenses and the projected costs of retiring the assets (if any), but do not include exploration or evaluation costs incurred prior to having obtained the legal rights to explore an area, which are expensed directly to net income or loss as they are incurred.

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

3. Significant accounting policies (continued)

Oil and natural gas exploration and evaluation expenditures (continued)

(i) Recognition and measurement (continued)

Exploration and evaluation assets are not amortized, but are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the net book value exceeds the recoverable amount. These assets are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. If an area or exploration well is no longer considered commercially viable, the assets may be transferred to intangible assets when it meets the recognition criteria for intangible assets. Not proceeding with development of the asset is an impairment indicator, and as a result of the decision, impairment testing would be performed.

When management determines with reasonable certainty that an exploration and evaluation asset will be developed, as evidenced by the classification of proved or probable reserves and the appropriate internal and external approvals, the asset is first tested for impairment and then reclassified to property, plant and equipment.

Items of property, plant and equipment are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. When significant parts of an item of property, plant and equipment, including oil and natural gas interests, have different useful lives, they are accounted for as separate items.

The costs to acquire developed or producing oil and gas properties and to develop oil and gas properties, including completing geological and geophysical surveys and drilling development wells, and the costs to construct and install dedicated infrastructure such as wellhead equipment and supporting assets, are capitalized as oil and gas properties within property, plant and equipment.

The costs of major inspection, overhaul and work-over activities that maintain property, plant and equipment and benefit future years of operations are capitalized. Similar recurring planned maintenance managed on shorter intervals is expensed. Replacements outside major inspection, overhaul or work-overs are capitalized when it is probable that future economic benefits will flow to the Company and the associated net book value of the replaced asset is derecognized.

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, and intangible exploration assets, are determined by comparing the proceeds from disposal with its net book value and are recognized within "other income" or "other expenses" in net income or loss.

Borrowing costs incurred for the construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the assets for their intended use or sale. All other borrowing costs are recognized in net income or loss using the effective interest method. Capitalization of borrowing costs ceases when the asset is in the location and condition necessary for it to be capable of operating as intended. Capitalization of borrowing costs is suspended when the construction of an asset is ceased for extended periods.

The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the Company's borrowings during the year.

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

3. Significant accounting policies (continued)

Oil and natural gas exploration and evaluation expenditures (continued)

(ii) Depletion and depreciation

The net book value of development or production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves.

Proved and probable reserves are estimated annually by independent reserve engineers and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a more than 50% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proved and probable. The equivalent statistical probability for the proved component is 90%.

Such reserves may be considered economically producible if management has the intention of developing and producing them and such intention is based upon:

- a reasonable assessment of the future economics of such production;
- a reasonable expectation that there is a market for all or substantially all the expected oil and natural gas production;
- evidence that necessary production, transmission and transportation facilities are available or can be made available; and
- the availability of capital to develop reserves.

Reserves may only be considered proved and probable if supported by either actual production or a conclusive formation test. The area of reservoir considered proved includes (a) that portion delineated by drilling and defined by gas-oil and/or oil-water contacts, if any, or both, and (b) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geophysical, geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of oil and natural gas controls the lower proved limit of the reservoir.

Reserves which can be produced economically through application of unproved recovery techniques (such as fluid injection) are only included in the proved and probable classification when successfully tested by a pilot project, the operation of an installed program in the reservoir or other reasonable evidence (such as, experience of the same techniques on similar reservoirs or reservoir simulation studies) provides support for the engineering analysis on which the project or program was based.

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

3. Significant accounting policies (continued)

Other equipment

For other equipment, depreciation is recognized in net income or loss on a declining balance basis over its estimated useful life at rates varying from 20% to 100%.

Depreciation methods, useful lives and residual values are reviewed annually.

Impairment

(i) Non-financial assets

The net book value of the Company's non-financial assets, other than exploration and evaluation assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Exploration and evaluation assets are assessed for impairment when they are reclassified to property, plant and equipment and also if facts and circumstances suggest that the net book value exceeds the recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

In assessing fair value less cost to sell, the fair value reflects the price a market participant would be willing to pay to acquire the asset or CGU less selling costs to complete the transaction. Fair value is generally determined based on recent transactions, crown land sales and other market metrics.

Exploration and evaluation assets are allocated to the CGUs on a geographical basis when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to petroleum and natural gas properties in property, plant and equipment.

An impairment loss is recognized if the net book value of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income or loss. Impairment losses recognized in respect of CGUs reduce the net book value of the other assets in the unit (group of units) on a pro rata basis.

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

3. Significant accounting policies (continued)

Impairment (continued)

(i) Non-financial assets (continued)

An impairment loss recognized in prior years is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's net book value does not exceed the net book value that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(ii) Financial assets

A financial asset, other than a financial asset designated as fair value through profit and loss, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its net book value, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in net income or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized and is recognized in net income or loss.

Joint venture contributions

Joint venture contributions related to exploration and evaluation assets are applied to reduce the related carrying cost such that the accounts reflect only the Company's interest in such activities.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax deduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

3. Significant accounting policies (continued)

Basic and diluted per share amounts

Basic per share amounts are calculated by dividing net income or loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share amounts are calculated using the treasury stock method which adjusts the weighted average number of common shares outstanding by the effects of all dilutive potential common shares, which comprise, warrants, and share options granted to employees.

Financial instruments

Financial assets and liabilities designated as fair value through profit or loss ("FVTPL") are measured at fair value with changes in those fair values recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value, with changes in those fair values recognized in other comprehensive income. Financial assets classified as held to maturity, loans and other receivables and other financial liabilities are measured at amortized cost using the effective interest method.

Derivatives are classified as FVTPL and are measured at their fair value. Gains or losses related to periodic revaluation are recorded in profit or loss.

Fair value measurements are classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Quoted prices are available in active markets. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in an active market included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3: Valuation at this level are those inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

Transaction costs associated with FVTPL and available-for-sale financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

The Company classifies cash and cash equivalents as fair value through profit or loss, accounts receivable as loans and receivables, and accounts payable and accrued liabilities and debentures payable as other financial liabilities.

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

3. Significant accounting policies (continued)

Stock-based compensation

(i) Stock option awards

Stock-based compensation is recorded in net income or loss for all options granted on a graded basis over the vesting period of the option with a corresponding increase recorded as contributed surplus. Compensation expense is based on the estimated fair values of the options at the time of the grant as determined using a Black-Scholes option pricing model. The Company incorporates an estimated forfeiture rate when determining compensation expense for stock options that will not vest.

Upon the exercise of the stock options, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase in share capital. In the event that vested options expire, previously recognized compensation expense associated with such stock options is not reversed.

Equity-settled stock-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(ii) Stock unit awards

Stock unit awards are only payable in cash. Obligations are accrued based on the vesting period of the stock unit awards using the market value of the Company's common shares. The obligations are revalued each reporting period based on the change in the fair value of the Company's common shares and the number of vested stock unit awards outstanding. The Company reduces the liability when the units are surrendered for cash.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial asset or liability. The Company's common shares, warrants, options and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Valuation of equity instruments issued in private placements

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements are determined to be the more easily measurable component and as such are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any is allocated to the attached warrants and is recorded as such.

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

3. Significant accounting policies (continued)

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. Provisions are not recognized for future operating losses. Further details on specific provisions are as follows:

(i) Decommissioning liabilities

The Company recognizes the estimated liability associated with decommissioning at the time the asset is acquired and the liability is incurred. The estimated present value of the future payments of the decommissioning liability is recorded as a long term liability, with a corresponding increase in the net book value of property, plant and equipment. Amounts are discounted using the risk-free rate. The capitalized amount is depleted on a unit-of-production method over the life of proved and probable reserves. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to net income or loss in the period. The liability can also increase or decrease due to changes in the estimates of timing of cash flows, changes to the risk-free rate or changes in the original estimated undiscounted cost. The change in the provision as a result of these changes is capitalized in the net book value of the related asset. Actual costs incurred upon settlement of decommissioning liabilities are charged against the decommissioning liability to the extent of the liability recorded.

(ii) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net costs of continuing with the contract.

Convertible debentures

The proceeds received on the issuance of convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. The remainder of the proceeds is allocated to the conversion option and is recognized accordingly within shareholders' equity, net of income tax effects. Subsequently, the debt component is accounted for as a financial liability measured at amortized cost until extinguished on conversion or maturity of the instrument.

Newly adopted accounting standards and pronouncements

On January 1, 2017, the Company adopted the following pronouncements as issued by the International Accounting Standards Board (IASB). The adoption of these standards did not have a material impact on the Company's financial statements.

Amendments to IAS 12 Income Taxes

These amendments, Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value.

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

3. Significant accounting policies (continued)

Newly adopted accounting standards and pronouncements (continued)

Amendments to IAS 7 Statement of Cash Flows

These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

Accounting standards and pronouncements issued but not yet adopted

The following accounting standards and amendments are effective for future periods. The Company has assessed the impact of these new standards and has determined that the adoption of these standards will not have a material impact on the Company's financial statements.

IFRS 9 Financial Instruments

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognized in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any "recycling" of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer or control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

Softrock Minerals Ltd.

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3. Significant accounting policies (continued)

Accounting standards and pronouncements issued but not yet adopted (continued)

Amendments to IFRS 2 Share-based Payment

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

4. Significant accounting estimates and judgments

The timely preparation of the financial statements requires that management make estimates and assumptions, and use judgment regarding assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgments used in the preparation of the financial statements include, but are not limited to, those areas discussed below.

(a) Oil and gas reserves and resources

Certain depletion, depreciation, impairment and decommissioning and restoration charges are measured based on the Company's estimate of oil and gas reserves and resources. The estimation of reserves and resources is an inherently complex process and involves the exercise of professional judgment. Reserves and resources have been evaluated at December 31, 2017 by independent petroleum consultants in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. The reserves and resources estimates are based on the definitions and guidelines contained in the Canadian Oil and Gas Evaluation Handbook.

Oil and gas reserves and resources estimates are based on a range of geological, technical and economic factors, including projected future rates of production, estimated commodity prices, engineering dates, and the timing and amount of future expenditures, all of which are subject to uncertainty. Assumptions reflect market and regulatory conditions existing at each annual reporting date, which could differ significantly from other points in time throughout the year, or future periods. Changes in market and regulatory conditions and assumptions can materially impact the estimation of net reserves.

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

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4. Significant accounting estimates and judgments (continued)

(b) Exploration and evaluation costs

Certain exploration and evaluation costs are initially capitalized with the intent to establish commercially viable reserves. The Company is required to make estimates and judgments about the future events and circumstances regarding the economic viability of extracting the underlying resources. The costs are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. Unsuccessful drilling, or changes to project economics, resource quantities, expected production techniques, production costs and required capital expenditures, are important factors when making this determination. If a judgment is made that the extraction of resources is not viable, the associated exploration and evaluation costs are impaired and charged to net income or loss.

(c) Decommissioning liabilities and other provisions

The Company recognizes liabilities for the future decommissioning and restoration of property, plant and equipment. These provisions are based on estimated costs, which take into account the anticipated method and extent of restoration, technological advances and the possible future use of the site. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technology, operating experience and prices. The expected timing of future decommissioning and restoration may change due to certain factors, including reserve life. Changes to assumptions related to future expected costs, discount rates and timing may have a material impact on the amounts presented. Other provisions are recognized in the period in which it becomes probable that there will be a future cash outflow.

(d) Deferred taxes

Deferred tax assets are recognized when it is considered probable that unused tax losses, tax credits and deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the Company's estimate, the ability of the Company to realize the deferred tax asset could be impacted.

Deferred tax liabilities are recognized for taxable temporary differences. The Company records a provision for the amount that is expected to be settled, which requires the application of judgment as to the ultimate outcome. Deferred tax liabilities could be impacted by changes in the Company's estimate of the likelihood of a future outflow, the expected settlement amount, and the tax laws in the jurisdiction which the Company operates.

(e) Share-based compensation

Expenses recorded for share-based compensation is based on the historical volatility of the Company's share price which may not be indicative of the future volatility. Accordingly, those amounts are subject to measurement uncertainty.

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Notes to the Financial Statements

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4. Significant accounting estimates and judgments (continued)

(f) Impairment of assets

The allocation of assets into cash generating units ("CGU's") requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors the operations.

The recoverable amounts of CGU's and individual assets have been determined based on the higher of fair value less costs to sell and value in use. The key assumptions the Company uses in estimating future cash flows for recoverable amounts are anticipated future commodity prices, expected production volumes and future operating and development costs. Changes to these assumptions will affect the recoverable amounts of CGU's and individual assets and may then require a material adjustment to their related net book value.

5. Property, plant and equipment

	2017	2016
Cost, beginning of year	\$ 1,230,371	\$ 1,221,010
Revisions to decommissioning liabilities	19,343	9,361
Cost, end of the year	1,249,714	1,230,371
Accumulated depletion, beginning of year	1,178,928	1,152,352
Depreciation and depletion	3,015	10,622
Impairment	19,343	15,954
Accumulated depletion, end of the year	1,201,286	1,178,928
Carrying value, end of the year	\$ 48,428	\$ 51,443

The Company's ceiling test calculation, performed at December 31, 2017 did not result in an impairment loss. The impairment recorded of \$19,343 (2016 - \$15,954) was related to revisions to the Company's provision for decommissioning liabilities on assets that have no reserves assigned to them and which have previously been impaired.

The Company used the following benchmark reference prices (\$/STB) for the years 2018 to 2021 adjusted for commodity differentials and transportation specific to the Company:

	2018	2019	2020	2021
AB Synthetic Crude Price	\$71.41	\$76.79	\$80.10	\$83.12

Softrock Minerals Ltd.

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6. Exploration and evaluation assets

The following table reconciles the Company's exploration and evaluation assets:

Cost	Oil and gas properties	Mineral properties	Total
Balance, December 31, 2015	\$ 36,198	\$ 2,500	\$ 38,698
Impairment	-	(2,500)	(2,500)
Balance, December 31, 2016	36,198	\$ -	36,198
Additions	-	3,750	3,750
Balance December 31, 2017	\$ 36,198	\$ 3,750	\$ 39,948

The Company, as part of its impairment analysis evaluates its oil and natural gas and mineral exploration and evaluation assets based on management's thresholds of whether a property is technically feasible and potential commercial viability exists. During the year ended December 31, 2016, the Company completed a review of its mineral exploration and evaluation assets and determined there was an impairment of \$2,500 representing the expiry of mineral permits which the Company decided not to renew.

During the year ended December 31, 2017, the Company acquired six new industrial mineral permits in Alberta covering 48,344 hectares.

7. Decommissioning liabilities

The Company's decommissioning liabilities result from working interests in oil and natural gas assets including well sites, gathering systems and processing facilities. As at December 31, 2017, the Company estimates the total undiscounted amount of cash required to settle its liability to be approximately \$85,483 (2016 - \$64,504), which is estimated to be settled between 2019 and 2031. The liability was determined using average risk-free rates ranging from 1.64% to 2.15% (2016 - 0.76% to 2.34%) and an inflation rate of 2.00% (2016 - 2.00%).

	2017	2016
Balance, beginning of year	\$ 64,670	\$ 51,560
Revisions and additions	19,343	9,361
Accretion	1,130	3,749
Balance, end of year	\$ 85,143	\$ 64,670

Accretion expense is included in finance expense in the Statements of Operations and Comprehensive Loss.

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

8. Share capital

(a) Authorized

Unlimited number of:

Common shares without nominal or par value

First and second preferred shares issuable in series

(b) Common shares

	Number of shares	Amount
Balance, December 31, 2015, 2016 and 2017	23,759,146	\$ 2,766,709

(c) Per share amounts

The following table summarizes the weighted average common shares used in calculating comprehensive income (loss) per common share:

	2017	2016
Basic	23,759,146	23,759,146

The Company has dilutive instruments outstanding, which consist of stock options and debentures payable. The dilutive impact of these instruments using the treasury stock method results in anti-dilution as a result of the Company incurring losses during the years presented. As a result, diluted loss per share and the impact of these instruments on the weighted average number of shares outstanding is not presented in the financial statements.

(d) Stock options

Under the Company's stock option plan, the Company may grant options to employees, officers and directors up to 10% of its issued and outstanding common stock. In addition, the aggregate number of shares so reserved for issuance to any one person shall not exceed 5% of the issued and outstanding shares. Under the plan, options are exercisable upon issuance and an option's maximum term is five years.

		2017		2016
	Stock options	Weighted average exercise price (\$)	Stock options	Weighted average exercise price (\$)
Outstanding, beginning of year	1,200,000	0.05	1,200,000	0.05
Outstanding, end of year	1,200,000	0.05	1,200,000	0.05

The stock options granted during the year ended December 31, 2015 were for a period of 5 years and were valued using a volatility of 163.79% and a risk free interest rate at 0.74%. All options vested on issuance and were issued when the stock price was trading at \$0.015.

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

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8. Share capital

(d) Stock options (continued)

The following table summarizes information about stock options outstanding and exercisable at December 31, 2017

Number outstanding at December 31, 2017	Weighted average remaining contractual life (years)	Number exercisable at December 31, 2017	Exercise price (\$)
1,000,000	1.13	1,000,000	0.05
200,000	2.95	200,000	0.05

(e) Broker warrants

A summary of the status of the broker warrants as of December 31, 2017 and 2016 and changes during the years then ended is presented as follows:

	2017		2016	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
Outstanding, beginning of year	160,000	0.07	160,000	0.07
Expired	(160,000)	0.07	-	-
Outstanding, end of year	-	-	160,000	0.07

(f) Common share purchase warrants

A summary of the status of the common share purchase warrants as of December 31, 2017 and 2016 and changes during the years then ended is presented as follows:

	2017		2016	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
Outstanding, beginning of year	2,000,000	0.10	2,000,000	0.10
Expired	(2,000,000)	0.10	-	-
Outstanding, end of year	-	-	2,000,000	0.10

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

December 31, 2017 and 2016

9. Contributed surplus

A summary of the status of contributed surplus as of December 31, 2017 and 2016 and the changes during the year then ended is presented below:

	2017		2016	
Balance, beginning of year	\$	195,888	\$	195,888
Expired warrants		20,000		
Balance, end of year	\$	215,888	\$	195,888

10. Income taxes

(a) Deferred income taxes

The provision for income tax reflects an effective income tax rate which differs from federal and provincial statutory income tax rates and is reconciled as follows:

	2017		2016	
Income (Loss) before income taxes	\$	(99,526)	\$	(63,395)
Enacted income tax rate		27%		27%
Expected income tax (recovery)	\$	(27,000)	\$	(17,000)
Increase (decrease) in taxes resulting from:				
Expiry of non-capital losses		-		2,000
Change in unrecognized tax benefits		27,000		15,000
Deferred income tax (recovery)	\$	-	\$	-

(b) Components of the net deferred tax asset

Temporary differences and carry forwards that give rise to deferred tax assets as of December 31, 2017

As at December 31,	2017		2016	
Non-capital losses	\$	266,000	\$	245,000
Property, plant and equipment		328,000		322,000
Capital loss		2,000		2,000
Total gross deferred tax assets		596,000		569,000
Unrecognized deferred tax assets		(596,000)		(569,000)
Net deferred tax assets	\$	-	\$	-

Softrock Minerals Ltd.

Notes to the Financial Statements

(Expressed in Canadian Dollars)

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10. Income taxes (continued)

The unrecognized deferred tax assets offset the gross deferred tax assets for which there is no assurance of recovery. The unrecognized deferred tax assets are evaluated considering positive and negative evidence about whether the deferred tax assets will be realized. At the time of evaluation, the amount is either increased or reduced.

(c) Tax pools

As at December 31, 2017, the Company has available for deduction, the following total tax pools against future taxable income, and the approximate amounts:

Operating loss carry forwards	\$	982,000
Canadian exploration expenditures	\$	225,000
Foreign exploration and development expenditures	\$	934,000
Capital loss	\$	18,000
Capital cost allowances	\$	58,000

The availability of deduction of the operating loss carry forwards against future taxable income expires as follows:

2026	\$	7,000
2027		212,000
2028		80,000
2029		63,000
2030		74,000
2031		96,000
2032		87,000
2033		53,000
2034		185,000
2035		13,000
2036		36,000
2037		76,000

\$ 982,000

11. Related party transactions

The Company has entered into transactions with related parties in the normal course of business, which were valued at the exchange amount established and agreed to by the related parties. During the year, the related party transactions were as follows:

The Company paid to its directors and officers, either directly, or indirectly, the following amounts:

	2017	2016
For accounting services	\$ 4,395	\$ 4,200
Interest on debentures	\$ 1,908	\$ -

At December 31, 2017, accounts payable and accrued liabilities included \$1,313 (2016 - \$1,400) owing to a company controlled by an officer for accounting services and \$882 (2016 - \$nil) in accrued but unpaid interest on debentures payable to related parties (note 15).

Softrock Minerals Ltd.

Notes to the Financial Statements

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12. Financial instruments

The Company is exposed to normal financial risks inherent within the oil and gas industry, including credit risk, interest rate risk and liquidity risk. The nature of the financial risks and the Company's strategy for managing these risks has not changed significantly from the prior year. The Company does not utilize derivative instruments to manage risks.

i) Credit risk

Credit risk is the risk a third party fails to meet its contractual obligations that could result in the Company incurring a loss. The Company's accounts receivable are primarily with joint venture partners and the Canadian federal government. Receivables from operators arise from the Company's ownership of a gross overriding royalty on certain oil and gas interests. Receivables from the Canadian federal government arise from input tax credits for Goods and Services taxes. As at December 31, 2017 and 2016, there were no allowances for doubtful accounts as all amounts receivable were deemed recoverable.

ii) Interest rate risk

The Company is not exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations as the Company does not maintain any cash equivalents. The debentures payable are at a fixed interest rate and therefore do not expose the Company to interest rate risk.

iii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities. The Company has a working capital deficiency and \$70,000 in debentures payable to related parties. The Company's current liabilities consist of trade payables and accruals, which are incurred in the normal course of business.

Management believes there is the opportunity for the Company to raise additional equity and/or enter into joint venture arrangements in 2018.

The outcome of these matters cannot be determined at this time.

iv) Fair value of financial instruments

The Company's financial instruments as at December 31, 2017 and 2016 include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and debentures payable. The fair values of these financial instruments approximate their carrying amounts due to their short terms to maturity.

At December 31, 2017 and 2016, cash and cash equivalents have been classified as Level 1 based on the fair value measurements disclosed in Note 3 to the financial statements.

Softrock Minerals Ltd.

Notes to the Financial Statements

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13. Risk management and capital management

The Company is a junior oil and gas and mineral exploration company and considers items included in shareholders' equity as capital. The Company has \$70,000 in debentures payable to related parties and does not expect to enter into any other debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

The Company currently receives royalty income from gross overriding royalties held. Revenues are not sufficient to meet ongoing obligations and meet future exploration commitments in respect of its property, plant and equipment. In order to fund future projects and pay for administrative costs, the Company is required to raise additional funds as needed in the equity markets and/or rely on advances from directors. As at December 31, 2017, the Company had a working capital deficit of \$24,804 and shareholders' deficiency of \$55,373.

The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to develop, sell or option its property, plant and equipment and its ability to borrow or raise additional financing from equity markets. The outcome of these events is not determinable at this time.

14. Contingency

Environmental regulations

The Company's activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing in Canada and generally are becoming more restrictive. The Company believes its operations comply in all material respects with all applicable laws and regulations.

15. Debentures payable

On June 15, 2017, the Company issued 5% convertible debentures in the principal amount of \$70,000 to officers and directors, and a family member of an officer and director. The debentures mature 12 months from the date of issuance, are unsecured and interest is payable quarterly. The debentures are convertible at the holder's option into common shares of the Company at a conversion price of \$0.05 per common share at any time prior to the maturity date. On maturity, the Company may, at its option, elect to satisfy its obligation to repay all or any portion of the principal amount outstanding by issuing that number of common shares determined by dividing the principal amount being repaid by 95% of the market price on the date of maturity.

The fair value of the convertible debentures was allocated solely to the liability as it was determined the debentures did not meet the "fixed-for-fixed" criteria specified in IAS 32. The debentures have therefore been classified as a financial liability and are being carried at amortized cost.

Subsequent to year-end, the debenture holders agreed to extend the maturity date for an additional twelve months from June 15, 2018 to June 15, 2019.

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Notes to the Financial Statements

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16. Subsequent event

On April 20, 2018, the Company announced that it will be offering rights to holders of its common shares in Canada at the close of business on the record date of April 30, 2018 on the basis of one right for each common share held. Each right will entitle the holder to subscribe for one unit at a subscription price of \$0.02 per unit. Each unit consists of one common share and one common share purchase warrant with each warrant exercisable into one common share at a price of \$0.05 per share for a period of 24 months from the issuance date of the units. Shareholders who fully exercise their rights will be entitled to subscribe for additional common shares, if available, as a result of unexercised rights prior to the expiry date of June 7, 2018, subject to certain limitations set out in the Company's rights offering circular. If all rights issued under the offering are validly exercised, there will be 47,518,292 common shares and 23,759,146 warrants outstanding and the offering will have raised gross proceeds of approximately \$475,000.