

CRYSTAL PEAK MINERALS INC.

UNAUDITED*
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine Months Ended September 30, 2018 and 2017

*Notice of Disclosure of Non-Auditor Review of Interim Financial Statements

Pursuant to Ontario Securities Act National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, the interim financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Crystal Peak Minerals Inc. ('the Company') for the interim periods ended September 30, 2018 and 2017 have been prepared in accordance with IAS 34, Interim Financial Reporting and are the responsibility of the Company's management.

The Company's independent auditors, PricewaterhouseCoopers, LLP, have not performed a review of these interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

November 15, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying condensed interim consolidated financial statements (the “Financial Statements”) of Crystal Peak Minerals Inc. (the “Company”) are the responsibility of the Company’s Board of Directors and management. These Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the Financial Statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances. In the opinion of management, the Financial Statements have been prepared within acceptable limits of materiality and are consistent with IFRS appropriate in the circumstances.

Management has established processes that are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that: (i) the Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the Financial Statements; and (ii) the Financial Statements fairly present in all material respects the Company’s financial condition, results of operations, and cash flows, as of the date of, and for the periods presented by, the Financial Statements.

The Board of Directors is responsible for reviewing and approving the Financial Statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, and the Financial Statements. The Audit Committee also reviews the Company’s Management Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the Financial Statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the Financial Statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ John G. Mansanti
John G. Mansanti, CEO

/s/ Blake Measom
Blake Measom, CFO

Crystal Peak Minerals Inc.
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2018 and December 31, 2017
(Unaudited and Expressed in US Dollars)

As at	September 30, 2018	December 31, 2017
ASSETS		
Current		
Cash and cash equivalents	\$ 3,115,684	\$ 6,759,699
Receivables	15,821	15,511
Prepaid expenses	14,318	15,638
	3,145,823	6,790,848
Non-current		
Property, plant and equipment	140,059	113,216
Interest in mineral properties (Note 4)	70,674,043	62,129,048
Investment in associate	6,147,059	6,131,804
	\$ 80,106,984	\$ 75,164,916
LIABILITIES		
Current		
Trade and other payables	\$ 2,002,686	\$ 580,030
Interest payable (Note 5)	993,928	699,606
Convertible debt (Note 5)	11,899,491	11,602,985
Derivative liability, convertible debt (Note 5)	11,466	378,739
	14,907,571	13,261,360
Non-current		
Convertible debt (Note 5)	4,966,284	-
Repurchase obligation (Note 5)	1,220,086	991,041
Provisions for environmental rehabilitation obligations	190,289	192,903
	21,284,230	14,445,304
SHAREHOLDERS' EQUITY		
Voting common shares (Note 6)	77,836,356	73,532,947
Non-voting common shares (Note 6)	801,043	801,043
Share purchase warrants (Note 6)	37,717	37,717
Contributed surplus	6,913,750	6,891,292
Accumulated deficit	(26,276,246)	(20,053,521)
Foreign currency translation reserve	(489,866)	(489,866)
	58,822,754	60,719,612
	\$ 80,106,984	\$ 75,164,916

Nature of Operations and Going Concern (Note 1)

The accompanying notes are an integral part of these Financial Statements.

Crystal Peak Minerals Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended September 30, 2018 and 2017
(Unaudited and Expressed in US Dollars)

	3 Months Ended		9 Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
EXPENSES				
General and administrative	\$ 634,640	\$ 227,918	\$ 1,619,177	\$ 700,336
Depreciation	1,403	1,083	4,354	3,269
Investor relations	65,079	33,479	197,758	254,652
Professional fees	283,674	364,860	775,045	618,509
Compensation related to restricted share units	173,144	-	1,937,995	-
Share-based compensation	24,881	15,342	70,288	46,969
	(1,182,821)	(642,682)	(4,604,617)	(1,623,735)
OTHER ITEMS				
Interest income	8,270	16,090	34,387	23,503
Change in fair value of derivative liability	29,507	208,409	407,705	208,409
Finance expenses (Note 7)	(690,425)	(517,566)	(2,045,669)	(670,263)
Net income of equity method				
investee attributable to CPM	15,255	11,427	15,255	11,227
Foreign exchange gain (loss)	(13,832)	(23,464)	(24,226)	(53,472)
Loss on disposal of asset	(5,560)	-	(5,560)	-
Net loss before income taxes	(1,839,606)	(947,786)	(6,222,725)	(2,104,331)
Income tax	-	-	-	-
Net loss for the period	\$ (1,839,606)	\$ (947,786)	\$ (6,222,725)	\$ (2,104,331)
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign currency translation adjustment	-	(2)	-	10,099
Comprehensive loss for the period	\$ (1,839,606)	\$ (947,788)	\$ (6,222,725)	\$ (2,094,232)
Basic and diluted loss per share (Note 9)	\$ (0.01)	\$ -	\$ (0.03)	\$ (0.01)
Weighted average number of shares outstanding	211,557,877	193,586,531	207,497,867	193,586,531

The accompanying notes are an integral part of these Financial Statements.

Crystal Peak Minerals Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the Nine Months Ended September 30, 2018 and 2017
(Unaudited and Expressed in US Dollars)

	Voting common	Non-voting common	Share purchase warrants	Contributed surplus	Accumulated deficit	Foreign currency translation reserve	Total shareholders' equity
Balance as at January 1, 2018	\$ 73,532,947	\$ 801,043	\$ 37,717	\$ 6,891,292	\$ (20,053,521)	\$ (489,866)	\$ 60,719,612
Net loss for the nine months ended September 30, 2018	-	-	-	-	(6,222,725)	-	(6,222,725)
Total comprehensive loss for the period	-	-	-	-	(6,222,725)	-	(6,222,725)
Share-based compensation	-	-	-	104,587	-	-	104,587
Compensation related to restricted share units	-	-	-	1,937,995	-	-	1,937,995
Common shares issued upon acquisition of leases	1,000,000	-	-	-	-	-	1,000,000
Common shares issued for convertible debt interest payment	1,019,567	-	-	-	-	-	1,019,567
Common shares issued upon release of restricted share units	1,915,278	-	-	(1,915,278)	-	-	-
Share options exercised	368,564	-	-	(104,846)	-	-	263,718
Balance as at September 30, 2018	\$ 77,836,356	\$ 801,043	\$ 37,717	\$ 6,913,750	\$ (26,276,246)	\$ (489,866)	\$ 58,822,754
Balance as at January 1, 2017	\$ 73,297,794	\$ 906,574	\$ 37,717	\$ 6,311,022	\$ (16,301,579)	\$ (489,866)	\$ 63,761,662
Foreign currency translation adjustment	-	-	-	-	-	10,099	10,099
Net loss for the nine months ended September 30, 2017	-	-	-	-	(2,104,331)	-	(2,104,331)
Total comprehensive loss for the period	-	-	-	-	(2,104,331)	10,099	(2,094,232)
Share-based compensation	-	-	-	63,779	-	-	63,779
Balance as at September 30, 2017	\$ 73,297,794	\$ 906,574	\$ 37,717	\$ 6,374,801	\$ (18,405,910)	\$ (479,767)	\$ 61,731,209

The accompanying notes are an integral part of these Financial Statements

Crystal Peak Minerals Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2018 and 2017
(Unaudited and Expressed in US Dollars)

	Nine Months Ended	
	September 30, 2018	September 30, 2017
OPERATING ACTIVITIES		
Net loss before income taxes	\$ (6,222,725)	\$ (2,104,331)
Adjustments for:		
Depreciation	4,354	3,269
Share-based compensation	70,288	46,969
Compensation related to restricted share units	1,937,995	-
Accretion expense	550,409	325,415
Non-cash interest expense	1,313,889	344,848
Change in fair value of derivative liability	(407,705)	(208,409)
Share of net income of equity method investee	(15,255)	(11,227)
Loss on disposal of asset	5,560	-
Changes in working capital:		
Receivables	(310)	9,098
Prepaid expenses	(11,433)	(15,000)
Trade and other payables	152,632	(113,510)
Operating cash flows before interest and income taxes	(2,622,301)	(1,722,878)
Net cash used in operating activities	(2,622,301)	(1,722,878)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(48,028)	-
Proceeds from disposal of asset	500	-
Additions to mineral properties	(6,237,904)	(6,135,444)
Net cash used in investing activities	(6,285,432)	(6,135,444)
FINANCING ACTIVITIES		
Proceeds from convertible debt (Note 8)	5,000,000	12,000,000
Proceeds from exercise of share options	263,718	-
Net cash provided by financing activities	5,263,718	12,000,000
Net change in cash and cash equivalents	(3,644,015)	4,141,678
Cash and cash equivalents, beginning of period	6,759,699	5,900,798
Cash and cash equivalents, end of period	\$ 3,115,684	\$ 10,042,476

The accompanying notes are an integral part of these Financial Statements.

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2018 and 2017
(Unaudited and Expressed in US Dollars)

Note 1. Nature of Operations and Going Concern

Crystal Peak Minerals Inc. (“CPM” or the “Company”) is a public company listed on the TSX Venture Exchange. CPM’s common shares trade on the TSX Venture Exchange under the symbol “CPM”. CPM’s common shares also trade on the OTCQX International under the symbol “CPMMF”. CPM is domiciled in the Yukon Territory, Canada, and the address of its registered office is 200 – 204 Lambert Street, Whitehorse, Yukon Territory, Y1A 3T2.

CPM, together with its subsidiary, operates an exploration-stage entity focused on the development, construction and operation of a potassium sulfate (“SOP”) project on the Sevier Playa in southwestern Utah (the “Sevier Playa Project”). During 2016 and most of 2017, CPM was engaged in engineering, permitting, and financing activities on the Sevier Playa Project with the objective of providing a feasibility study and reserve estimates in accordance with the standards of Canadian National Instrument 43-101, *Standards of Disclosure for Mineral Projects*. CPM completed a preliminary feasibility study (the “PFS”) on the Sevier Playa Project in November 2013, and a definitive feasibility study (the “FS”) in December 2017. The results of the FS were published on February 21, 2018.

These condensed interim consolidated financial statements (the “Financial Statements”) are prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern. These standards assume CPM will be able to continue to operate for the foreseeable future, realize its assets, and settle its liabilities in the normal course of operations. The use of these principles may ultimately be inappropriate since there are material uncertainties that may cast significant doubt about CPM’s ability to continue as a going concern given its history of losses, accumulated deficit, limited operating history in the fertilizer sector, and dependence upon future financing. CPM’s future is currently dependent upon its ability to obtain sufficient cash from external financing and related parties in order to fund its liabilities, ongoing permitting work, and ultimate project development and construction. Management continues to pursue financing alternatives in connection with the evaluation and development of the Sevier Playa Project. Although CPM has been successful in raising funds in prior reporting periods, there can be no assurance that the steps management is taking, and will continue to take, will be successful in future reporting periods. If the going concern basis were not appropriate, material adjustments may be necessary in the carrying amounts and/or classification of assets and liabilities and losses reported in these Financial Statements.

Note 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all periods presented.

Basis of Preparation

These Financial Statements have been prepared in compliance with IFRS as issued by the International Accounting Standards Board (“IASB”) and with interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting. Further, the Financial Statements have been prepared, primarily, under the historical cost convention.

These Financial Statements include the Company’s accounts and those of its wholly-owned subsidiary, Peak Minerals Canada Limited (“Peak Minerals Canada”). Peak Minerals Canada’s accounts include those of its wholly-owned United States (U.S.) subsidiary, Peak Minerals Inc. (“Peak Minerals”). All intercompany accounts and transactions have been eliminated on consolidation. All amounts, unless specifically indicated otherwise, are presented in U.S. dollars.

Effective October 1, 2017, the Company completed an amalgamation (the “Amalgamation”) of its wholly-owned subsidiary Peak Minerals Canada to reduce internal administration costs and financial reporting costs. Peak Minerals Canada did not have any outstanding liabilities or obligations at the time of the Amalgamation and the Amalgamation did not have any significant effect on the business and operations of the Company. As a result of the Amalgamation, Peak Minerals became a direct, wholly-owned subsidiary of the Company.

These Financial Statements were authorized for issuance on November 15, 2018 by the Board of Directors.

Crystal Peak Minerals Inc.
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New Standards and Interpretations Not Yet Adopted

The following standards are effective for annual periods beginning after January 1, 2018, and have not yet been applied in preparing these Financial Statements:

IFRS 15, Revenue from Contracts with Customers (“IFRS 15”) was issued in May 2014 and specifies the principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard provides a single five step model to be applied to all contracts with customers. In April 2016 the standard was amended to clarify identification of performance obligations, principal versus agent considerations and licensing, and to provide some transition relief for modified contracts and completed contracts. This standard is effective for annual periods beginning on or after January 1, 2018; however, since the Company does not have revenues, adoption of the standard will not have a material impact on the Financial Statements.

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace International Accounting Standard (IAS) 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7, *Financial Instruments: Disclosures*, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. Management’s assessment is that classification of financial instruments under the new standard will be similar to current classification and will not have a material impact. Further, no material changes are expected as a result of the new impairment model, and the Company does not currently engage in any hedging activity and is therefore not affected by the new hedge accounting guidance. Financial liabilities will continue to be measured at amortized cost.

On January 13, 2016, the IASB issued IFRS 16 which supersedes existing standards and interpretations under IAS 17, Leases. IFRS 16 requires all leases, including financing and operating leases, to be reported on a company’s balance sheet. The new standard will provide greater transparency on a company’s lease assets and liabilities. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is currently assessing the impact of adopting IFRS 16 on the Financial Statements.

IFRS 2 will be amended to address (i) certain issues related to the accounting for cash settled awards, and (ii) the accounting for equity settled awards that include a “net settlement” feature in respect of employee withholding taxes. IFRS 2 is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of adopting IFRS 2 on the Financial Statements.

Foreign Currency Translation

Presentation and Functional Currency

These Financial Statements are presented in U.S. dollars. The functional currency for the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. Prior to January 1, 2017, the functional currency for the Company and for Peak Minerals Canada was the Canadian dollar and the functional currency for Peak Minerals was the U.S. dollar.

In January 2017, the Company completed an analysis of its functional currency in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*. Based on this analysis the Company concluded that its business has changed since its prior analysis. The majority of the Company’s costs are incurred in U.S. dollars and future sales revenues will be in U.S. dollars. In addition, beginning with the convertible debt agreement with EMR Capital Investment (No. 5B) Pte. Ltd., an affiliate of EMR Capital Resources Fund 1, LP (“EMR”) in June 2017 (See Note 5) future financing activities will be transacted in U.S. dollars. Accordingly, the Company changed its functional currency from the Canadian dollar to the U.S. dollar effective January 1, 2017.

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Transactions and Balances

Transactions that occur in a foreign currency are translated and recorded into the functional currency (U.S. dollar) using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses that result from the settlement of transactions and the translation of monetary assets and liabilities are recognized in the Consolidated Statement of Loss. For reporting purposes, monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rate as at the date of the Consolidated Statement of Financial Position. Nonmonetary items are not retranslated as at the date of the Consolidated Statement of Financial Position but remain translated at historical cost using the exchange rate as at the date of the original transaction.

Note 3. Critical Accounting Estimates and Judgments

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Financial Statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In preparing these Interim Financial Statements, the significant judgments made by management in applying CPM's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended December 31, 2017.

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
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Note 4. Interest in Mineral Properties

The interest in mineral properties balance consists of:

	Acquisition costs	Planning and design	Field operations and expenses	Legal costs and environmental obligations	Engineering, Permitting & Technical Reports	Total
As at January 1, 2017						
Cost	\$23,324,278	\$ 658,801	\$11,113,317	\$ 1,298,783	\$17,421,168	\$ 53,816,347
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	23,324,278	658,801	11,113,317	1,298,783	17,421,168	53,816,347
Nine Months Ended September 30, 2017						
Opening net book amount	23,324,278	658,801	11,113,317	1,298,783	17,421,168	53,816,347
Additions	(26,642)	-	567,090	90,899	5,496,643	6,127,990
Exchange differences	2,319	-	-	-	-	2,319
Closing net book amount	23,299,955	658,801	11,680,407	1,389,682	22,917,811	59,946,656
As at September 30, 2017						
Cost	23,299,955	658,801	11,680,407	1,389,682	22,917,811	59,946,656
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	\$23,299,955	\$ 658,801	\$11,680,407	\$ 1,389,682	\$22,917,811	\$ 59,946,656
As at January 1, 2018						
Cost	\$23,651,147	\$ 660,914	\$11,951,626	\$ 1,390,833	\$24,474,528	\$ 62,129,048
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	23,651,147	660,914	11,951,626	1,390,833	24,474,528	62,129,048
Nine Months Ended September 30, 2018						
Opening net book amount	23,651,147	660,914	11,951,626	1,390,833	24,474,528	62,129,048
Additions	2,478,600	-	440,942	140,608	5,484,845	8,544,995
Closing net book amount	26,129,747	660,914	12,392,568	1,531,441	29,959,373	70,674,043
As at September 30, 2018						
Cost	26,129,747	660,914	12,392,568	1,531,441	29,959,373	70,674,043
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	\$26,129,747	\$ 660,914	\$12,392,568	\$ 1,531,441	\$29,959,373	\$ 70,674,043

Crystal Peak Minerals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
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Note 5. Borrowings and Related Financial Liabilities

Borrowings and related financial liabilities consist of:

As at	September 30, 2018	December 31, 2017
Repurchase obligation	\$ 1,220,086	\$ 991,041
Convertible debt	16,865,775	11,602,985
Derivative liability, convertible debt	11,466	378,739
Provisions	190,289	192,903
Total	\$ 18,287,616	\$ 13,165,668

Repurchase Obligation

On May 2, 2014, CPM entered into a secured credit agreement with Extract Advisors, LLC and its affiliate, Extract Capital LP (together “Extract”), for a \$2,500,000 loan (the “Extract Loan”). The Extract Loan had a term of 60 months, with 95% of the outstanding principal and interest coming due on May 2, 2016. The Extract Loan was repaid in May 2016, and the security was released. In conjunction with the Extract Loan, CPM issued Extract 1,500,000 common shares and 750,000 common share purchase warrants (the “Extract Warrants”). The Extract Warrants have an exercise price of C\$0.36 per common share and are exercisable until May 2, 2019. CPM also provided Extract with a production fee of \$1.70 per tonne of production of SOP. The production fee may be repurchased at any time by CPM for \$1,500,000. CPM estimated the fair value of this obligation to be \$1,220,086 at September 30, 2018 (December 31, 2017 - \$991,041) based on a discounted cash flow model using an assumption that the production fee agreement would be repurchased in the second half of 2019, and a discount rate of 28%. The change in fair value of this liability is reflected within the accretion expense.

Convertible Debt

On June 29, 2017, CPM entered into a convertible loan agreement (the “Loan Agreement”) with EMR, its largest shareholder, pursuant to which EMR lent CPM \$12,000,000 (the “Loan”). The Loan will mature in 18 months from the date of issuance, and will bear interest at the rate of 12%, compounded quarterly. The principal amount of the Loan, in whole or in part, is convertible into common shares of the Company at EMR’s option, at a price per common share of C\$0.55. In addition, interest on the Loan is payable in common shares at the market price of the Company’s shares on the earlier of the date of conversion or certain prescribed interest payment dates, subject to the approval of the TSX Venture Exchange.

The conversion feature of the Loan meets the definition of a derivative liability instrument because the conversion feature is denominated in a currency other than the Company’s U.S. dollar functional currency, thus making the number of shares in a conversion scenario variable. Accordingly, the conversion feature does not meet the “fixed-for-fixed” criteria outlined in IAS 32. As a result, the conversion feature of the Loan is required to be recorded as a derivative liability recorded at fair value and marked to its market value each period, with the changes in fair value each period being reflected on the Statement of Loss.

The Loan was separated into a convertible debt component and a derivative liability, both of which were initially recorded at fair value. The convertible debt is classified as other financial liabilities and measured at amortized cost using the effective interest method.

Debt issuance costs in the amount of \$79,367 were expensed at closing. These costs were made up of attorney and regulatory filing fees.

On March 9, 2018, the Company issued 3,270,517 common shares at a deemed value of C\$0.40 per common share to settle an interest payment pursuant to the Loan Agreement with EMR. On April 11, 2018, the Company remitted \$181,371 in non-resident Canadian withholding tax to the Canadian Revenue Agency (“CRA”) related to the interest payment, pursuant to the Loan Agreement with EMR. Interest in the amount of \$993,928 was accrued and compounded as at September 30, 2018.

When estimating the initial fair value of the debt host and embedded derivative liability components of the EMR convertible debt, the debt host contract was valued using a discounted cash flow analysis using a 16% discount rate based on market interest

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rates available to the Company at that time for similar debt instruments. The residual value was allocated to the embedded conversion option, which resulted in an implied future volatility of 25.95% using a Black Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Loan inception June 30, 2017	September 30, 2018
Market price	C\$0.45	C\$0.28
Conversion price per common share	C\$0.55	C\$0.55
Risk-free interest rate	1.09%	2.21%
Expected volatility	25.95%	24.73%
Expected dividend yield	0%	0%
Expected life (years)	1.50	0.25

The changes in the convertible debt are as follows:

Convertible debt balance as at December 31, 2017	\$	11,602,985
Accretion		296,506
Convertible debt balance as at September 30, 2018	\$	11,899,491

The changes in the derivative liability are as follows:

Balance as at December 31, 2017	\$	378,739
Change in fair value of derivative liability		(378,739)
Balance as at September 30, 2018	\$	-

On July 19, 2018 the Company entered into a convertible loan agreement with EMR, pursuant to which EMR agreed to lend the Company up to \$10,000,000 in two tranches (the "2018 Loan"). In addition, the closing of the first tranche of the 2018 Loan was completed in the amount of \$5,000,000. The 2018 Loan matures in 18 months from the date of issuance, and bears interest at the rate of 12%, compounded quarterly. The principal amount of the 2018 Loan, in whole or in part, is convertible into common shares of the Company at EMR's option, at a price per common share of C\$0.50. In addition, interest on the 2018 Loan is payable in common shares at the market price of the Company's shares on the earlier of the date of conversion or certain prescribed interest payment dates, subject to the approval of the TSX Venture Exchange.

When estimating the initial fair value of the first tranche of the debt host and embedded derivative liability components of the EMR convertible debt, the debt host contract was valued using a discounted cash flow analysis using a 13.37% discount rate based on market interest rates available to the Company at that time for similar debt instruments. The residual value was allocated to the embedded conversion option, which resulted in an implied future volatility of 25.50% using a Black Scholes valuation model based on the following assumptions:

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Black-Scholes option pricing model assumptions	Loan inception July 19, 2018	September 30, 2018
Market price	C\$0.31	C\$0.28
Conversion price per common share	C\$0.50	C\$0.50
Risk-free interest rate	1.92%	2.21%
Expected volatility	25.50%	25.00%
Expected dividend yield	0%	0%
Expected life (years)	1.50	1.333

The following table discloses the components associated with the transaction on the closing date:

Face value of convertible debt	\$ 5,000,000
Less derivative component	(40,432)
Value assigned to convertible debt	\$ 4,959,568

The changes in the convertible debt are as follows:

Opening balance	\$ -
Value assigned to convertible debt	4,959,568
Accretion	6,716
Convertible debt balance as at September 30, 2018	\$ 4,966,284

The changes in the derivative liability are as follows:

Opening balance	\$ -
Fair value assigned at loan inception	40,432
Change in fair value of derivative liability	(28,966)
Balance as at September 30, 2018	\$ 11,466

Note 6. Share Capital

Authorized

CPM authorized capital consists of unlimited voting common shares without par value, unlimited non-voting common shares without par value and unlimited preference shares without par value.

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Voting and non-voting common shares

	Number of shares issued		Share capital	
	Voting common	Non-voting common	Voting common	Non-voting common
Balance as at January 1, 2017	193,586,531	2,791,947	\$ 73,297,794	\$ 906,574
Share conversion	325,000	(325,000)	105,531	(105,531)
Share options exercised	300,000	-	129,622	-
Balance as at December 31, 2017	194,211,531	2,466,947	\$ 73,532,947	\$ 801,043
Common shares issued for convertible debt interest payment	3,270,517	-	1,019,567	-
Common shares issued upon acquisition of leases	4,283,882	-	1,000,000	-
Restricted share units released	6,501,184	-	1,915,278	-
Share options exercised	823,816	-	368,564	-
Balance as at September 30, 2018	209,090,930	2,466,947	77,836,356	\$ 801,043

On December 11, 2017, 325,000 shares were converted from non-voting to voting shares, at the historical share price of \$0.32471 (C\$0.314943).

On December 20, 2017, 300,000 share options were exercised, at a price of \$0.31 (C\$0.40) per share for gross proceeds of \$93,276 (C\$120,000).

In January 2018, 823,816 share options were exercised at a price of \$0.32 (C\$0.40) per share for gross proceeds of \$263,718 (C\$329,526).

On January 15, 2018, an initial restricted share unit (“RSU”) vesting requirement was met, and 1,360,537 common shares were released to certain directors.

On March 9, 2018, the Company issued 3,270,517 common shares at a deemed value of \$0.312 (C\$0.40) per common share to settle an interest payment pursuant to the Loan Agreement with EMR.

On March 13, 2018, RSU vesting requirements were met in conjunction with the retirement of certain directors, and 1,440,647 common shares were released to those directors.

On April 30, 2018, RSU vesting requirements were met and 3,700,000 common shares were released to a former employee and officer of the Company.

On August 31, 2018, the Company issued 4,283,882 common shares for an option to purchase certain mineral lease rights (see Note 11).

In 2014, in conjunction with the Extract Loan (which was repaid in May 2016), CPM issued 750,000 Extract Warrants to Extract. Each Extract Warrant entitles the holder to acquire one voting common share at a price of C\$0.36 per common share until May 2, 2019. The fair values of the Extract Warrants were used to determine the financing proceeds allocated to the equity components based on relative fair values. The proceeds allocated to the Extract Warrants issued in conjunction with the financing totaled \$37,717, net of tax effects. The following is a summary of the common share purchase warrants outstanding as at September 30, 2018:

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	Weighted average remaining contractual life (yrs)	Number of share purchase warrants	Weighted average exercise price (C\$)
Extract Warrants	0.59	750,000	\$ 0.36
Share purchase warrants outstanding, end of period	0.59	750,000	\$ 0.36

Restricted share units

In June 2017, CPM adopted a restricted share unit plan (the “RSU Plan”). Under the RSU Plan, selected officers, employees, consultants, and directors of the Corporation and its affiliates are granted RSUs, where each RSU represents the right to receive one CPM common share upon expiration of an applicable restricted period (vesting). The RSU Plan is designed to aid in attracting, retaining, and encouraging employees and directors, due to the opportunity offered to them, to acquire a proprietary interest in the Company.

The maximum number of common shares available for issuance under the RSU Plan shall not exceed 19,000,000. The maximum number of shares issuable to insiders, at any time, is 10% of the total number of common shares then outstanding. The maximum term for restricted share units to vest is up to ten (10) years but may be such shorter term as the Company chooses.

On January 3, 2018, the Company granted an aggregate of 3,902,889 RSUs to certain employees. On January 15, 2018, an initial vesting requirement was met, and 1,360,537 common shares were released to certain directors. On March 13, 2018, vesting requirements were met in conjunction with the retirement of certain directors, and 1,440,647 common shares were released to those directors. On April 30, 2018, vesting requirements were met and 3,700,000 common shares were released to a former employee and officer of the Company.

The following is a summary of RSUs outstanding as at September 30, 2018.

	September 30, 2018		
	Number of units	Weighted average remaining contractual life (years)	Average market price at time of grant (C\$)
Balance, beginning of year	7,781,609	9.37	\$ 0.41
Granted	3,902,889	9.22	0.45
Released	(6,501,184)	9.65	0.40
Balance as at September 30, 2018	5,183,314	9.22	\$ 0.42

Share purchase options

CPM has a share option plan (the “Option Plan”) whereby the Board of Directors may grant to directors, officers, employees, or consultants, options to acquire common shares. The Board of Directors has the authority to determine the limits, restrictions and conditions of common share option grants, and to make all decisions and interpretations relating to the Option Plan. The maximum number of common shares that may be reserved for issuance shall not exceed 10% of the Company’s outstanding common shares at the time of grant. Furthermore, the maximum number of common shares that may be reserved for issuance to any one optionee shall not exceed 5% of the Company’s outstanding common shares at the time of grant, excepting consultants and investor relations persons which shall not exceed 2% of the Company’s outstanding common shares.

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The term of any common share option granted may not exceed five years and the exercise price may not be lower than the closing price of CPM's common shares on the last trading day immediately preceding the date of grant, less any discounts from the closing price allowed by the TSX Venture Exchange. Vesting conditions vary based on the circumstances of the option grant.

The following table reflects the continuity of common share options for the nine-month periods ended September 30, 2018 and 2017.

	September 30, 2018		September 30, 2017	
	Number of options	Weighted average exercise price (C\$)	Number of options	Weighted average exercise price (C\$)
Balance, beginning of period	7,698,816	\$ 0.42	12,277,076	\$ 0.47
Granted	250,000	0.41	-	-
Exercised	(823,816)	0.40	-	-
Forfeited	(1,750,000)	0.42	-	-
Expired	(200,000)	0.40	(925,000)	1.04
Balance, end of period	5,175,000	\$ 0.43	11,352,076	\$ 0.47
Exercisable share purchase options	3,125,000	\$ 0.43	9,652,076	\$ 0.42

A summary of common share options outstanding as at September 30, 2018 is as follows:

Exercise price per share (C\$)	Weighted average remaining contractual life (yrs)	Number of share purchase options	Weighted average exercise price (C\$)
\$0.40 - 0.41	2.73	975,000	\$ 0.40
0.42 - 0.43	2.91	2,400,000	0.42
0.44 - 0.45	2.93	1,800,000	0.45
Share purchase options outstanding, end of period	2.88	5,175,000	\$ 0.43

On November 13, 2017, CPM granted 750,000 options to CPM directors, 450,000 options to consultants to CPM, and 650,000 options to CPM employees. All options for employees and consultants of the Company and its subsidiary are exercisable over a period of five years at a price of C\$0.42 per common share and shall vest in three equal annual installments on the first, second, and third anniversaries of the Option grant. The directors' options are exercisable over a period of five years at a price of C\$0.40 per common share and shall vest in three equal annual installments on the first, second, and third anniversaries of the Option grant. The fair value of the options granted November 13, 2017 was estimated on the date of grant using the Black-Scholes option pricing model. The Company assumed a 2.692% forfeiture rate based on historical forfeitures and the following table outlines the average assumptions used to calculate the fair value:

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Black-Scholes option pricing model assumptions

Market price per common share at date of grant	C\$0.40
Exercise price per common share director/employee	C\$0.40 /C\$0.42
Risk-free interest rate	1.50%
Expected volatility	92.25%
Expected dividend yield	0%
Expected life (years)	3.00

On May 2, 2018, the Company granted 250,000 options to purchase common shares to a director. All options are exercisable over a period of two years at a price of C\$0.41 per common share and were fully vested on June 20, 2018. The fair value of the options granted May 2, 2018 was estimated on the date of grant using the Black-Scholes option pricing model. The Company assumed a 7.36% forfeiture rate based on historical forfeitures and the following table outlines the average assumptions used to calculate the fair value:

Black-Scholes option pricing model assumptions

Market price	C\$0.36
Exercise price per common share	C\$0.41
Risk-free interest rate	1.93%
Expected volatility	65.77%
Expected dividend yield	0%
Expected life (years)	1.13

Share based compensation for the nine months ended September 30, 2018 was \$104,587 (nine months ended September 30, 2017, \$63,779), of which \$70,288 (nine months ended September 30, 2017, \$46,949) was expensed in the Consolidated Statement of Loss and \$34,299 (nine months ended September 30, 2017, \$16,830) was capitalized in mineral properties. The offsetting credit was recorded as contributed surplus.

Note 7. Finance Expense

Finance expenses for the three and nine-month periods ended September 30, 2018 and 2017 were as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Interest expense	\$ 506,288	\$ 344,848	\$ 1,313,889	\$ 344,848
Accretion expense	184,137	172,718	550,409	325,415
Non-resident Canadian withholding tax	-	-	181,371	-
Total finance expenses	\$ 690,425	\$ 517,566	\$ 2,045,669	\$ 670,263

Note 8. Income Taxes

CPM did not have any transactions during the nine months ended September 30, 2018 that triggered the recognition of an income tax recovery or income tax expense.

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Note 9. Loss Per Share

Basic loss per share is calculated by dividing the loss attributable to shareholders by the weighted average number of common shares outstanding during the period. CPM's loss per share for the three and nine months ended September 30, 2018 was \$0.01 and \$0.03 respectively (three and nine months ended September 30, 2017 was \$nil and \$0.01 respectively) and was based on the loss attributable to common shareholders of \$1,839,606 and \$6,222,725 respectively (three and nine months ended September 30, 2017; \$947,788 and \$2,094,232), and the weighted average number of common shares outstanding for the three and nine month months of 211,577,877 and 207,497,867 respectively (both the three and nine month period ended September 30, 2017 of 193,586,531). The diluted loss per share did not include the effect of the following securities, as they are anti-dilutive:

As at	September 30, 2018	September 30, 2017
Number of share purchase warrants	750,000	750,000
Number of restricted share units	5,183,314	-
Number of share purchase options	5,175,000	11,352,076
	11,108,314	12,102,076

Note 10. Related Party Transactions

CPM's related parties include CPM's subsidiaries, associates, executive and non-executive directors, senior officers (Chief Executive Officer and Chief Financial Officer), and entities controlled or jointly-controlled by directors or senior officers.

Emerald Peak

In 2011, Peak Minerals entered into a commercial agreement with Emerald Peak Minerals, LLC ("Emerald Peak") whereby both parties agreed to commit the acreage associated with certain state leases controlled by Emerald Peak to development and operation of the Sevier Playa Project by Peak Minerals. Lance D'Ambrosio, the former Chief Executive Officer and a former director, and the Estate of Jeff Gentry, a former director, own 60% of Emerald Peak and Peak Minerals owns the remaining 40%. In each of the nine months ended September 30, 2018 and September 30, 2017, CPM paid \$40,000 to Emerald Peak in conjunction with the Emerald Peak Agreement. No accounts payable or receivable between the parties existed as at September 30, 2018 or September 30, 2017.

Directors and Officers

During the three and nine months ended September 30, 2018 and September 30, 2017, compensation paid or payable to directors and officers was as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Salaries, benefits, and compensation	\$ 265,546	\$ 176,562	\$ 960,650	\$ 543,143
Director fees	81,250	-	258,750	-
Share-based compensation	15,295	12,796	50,640	44,561
Compensation related to restricted share units	-	-	1,915,279	-
Total director and officer compensation	\$ 362,091	\$ 189,358	\$ 3,185,319	\$ 587,704

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Note 11. Commitments and Contingencies

LUMA Minerals LLC

Effective July 15, 2011, Peak Minerals and LUMA Minerals, LLC (“LUMA”) entered into a cooperative development agreement (the “LUMA Agreement”) to develop federal leases on the Sevier Playa Project that CPM did not control. The LUMA Agreement added approximately 22,000 acres of additional leases to the lands controlled by CPM, bringing the Sevier Playa Project land package total to approximately 124,000 acres. LUMA won their leases as part of the federal Bureau of Land Management (“BLM”) competitive bidding process as second highest bidder when CPM was limited to the acquisition of leases on a maximum of 96,000 acres, pursuant to federal law.

Under the LUMA Agreement, both parties will commit the acreage to development and operation by CPM. LUMA will make no payments for the development of its acreage and will receive no net revenues from the production from its acreage – all revenues and costs will be for the benefit of CPM. The LUMA Agreement commits CPM to pay LUMA a 1.25% overriding royalty on all production from, or allocated to, the LUMA leases. In addition to the overriding royalty, the LUMA Agreement also grants LUMA the right to elect either: (i) a cash-only payment of \$2,000,000; or (ii) the number of common shares of CPM equal in value to \$1,000,000, plus \$1,000,000 cash at the point in time that the Company elects to commit to purchase LUMA’s interest in the LUMA leases. The closing is conditioned upon and subject to: (a) all necessary approvals of the shareholders and governing boards of Peak Minerals and/or CPM; (b) all necessary approvals of U.S. and Canadian governmental authorities, including securities and exchange and environmental regulatory bodies, BLM, and SITLA; and (c) all applicable stock exchange rules, regulations, and approvals.

Effective August 31, 2018, the Company obtained an exclusive option (“the Option”) to purchase all of the LUMA leases for \$1.00 for each of the leases. The Company paid to LUMA a total of \$2,000,000, composed of \$1,000,000 in cash and 4,283,882 common shares of the Company. Pursuant to the Option, Crystal Peak has a period of two years from the date the BLM issues a “notice to proceed” to exercise the Option. LUMA will be entitled to a 1.25% overriding royalty on all production from the leases.

Office Lease

CPM leases office space located in Salt Lake City, Utah. Effective May 1, 2018 the Company entered into a sub-lease agreement for additional office space that expires June 30, 2021. These leases have been accounted for as operating leases.

The future minimum lease payments are as follows:

Minimum lease payments as at	September 30, September 30,	
	2018	2017
Not later than 1 year	\$ 109,071	\$ 52,341
Later than 1 year but less than five years	197,765	-
	\$ 306,836	\$ 52,341

Note 12. Subsequent Events

Convertible Debt Agreement

On October 30, 2018 the Company closed the second tranche of the 2018 Loan from EMR in the amount of \$5,000,000.