CRYSTAL PEAK MINERALS INC.

CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

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April 26, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying 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 as issued by the International Accounting Standards Board (IFRS). 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, the Financial Statements, and the auditors' report. 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	*/s/ Blake Measom*
John G. Mansanti, CEO	Blake Measom, CFO

Independent auditor's report

To the Shareholders of Crystal Peak Minerals Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Crystal Peak Minerals Inc. and its subsidiaries (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Simon Kent.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 26, 2019

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

Nature of Operations and Going Concern (Note 1)

As at		December 31, 2018		December 31, 2017
ASSETS				
Current				
Cash and cash equivalents	$	4,314,583	$	6,759,699
Receivables		22,547		15,511
Prepaid expenses		9,536		15,638
		4,346,666		6,790,848
Non-current				
Restricted cash (Note 4)		71,695		-
Property, plant and equipment (Note 5)		134,754		113,216
Interest in mineral properties (Note 6)		73,010,174		62,129,048
Investment in associate (Note 7)		6,149,484		6,131,804
	$	**83,712,773**	**$**	**75,164,916**
LIABILITIES				
Current				
Trade and other payables (Note 8)	$	1,544,256	$	580,030
Interest payable (Note 9)		1,596,636		699,606
Convertible debt (Note 9)		12,000,000		11,602,985
Derivative liability, convertible debt (Note 9)		-		378,739
		15,140,892		13,261,360
Non-current				
Convertible debt (Note 9)		9,949,217		-
Derivative liability, convertible debt (Note 9)		27,307		-
Repurchase obligation (Note 9)		1,296,434		991,041
Provisions for environmental rehabilitation obligations (Note 10)		200,470		192,903
		26,614,320		14,445,304
SHAREHOLDERS' EQUITY				
Voting common shares (Note 11)		77,836,357		73,532,947
Non-voting common shares (Note 11)		801,043		801,043
Share purchase warrants (Note 11)		37,717		37,717
Contributed surplus		7,515,114		6,891,292
Accumulated deficit		(28,601,912)		(20,053,521)
Foreign currency translation reserve		(489,866)		(489,866)
		57,098,453		60,719,612
	$	**83,712,773**	**$**	**75,164,916**

These Financial Statements are authorized for issue by the Board of Directors on April 26, 2019, and signed on the Company's behalf by:

/s/ De Lyle Bloomquist — De Lyle Bloomquist, Director

/s/ Dan Basse — Dan Basse, Director

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

Crystal Peak Minerals Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2018 and 2017
(Expressed in US Dollars)

	Year Ended	
	December 31, 2018	December 31, 2017
EXPENSES (Note 15)		
General and administrative	$ 2,005,114	$ 1,054,297
Depreciation	5,213	4,352
Investor relations	320,255	323,514
Professional fees	1,024,370	780,012
Compensation related to restricted share units	2,504,620	518,705
Share-based compensation	94,255	72,447
	(5,953,827)	(2,753,327)
OTHER ITEMS		
Interest income	44,239	41,474
Change in fair value of derivative liability (Note 9)	421,586	211,830
Accretion Expense	(741,377)	(498,947)
Finance expenses (Note 12)	(2,310,716)	(699,606)
Share of net income of equity method investee attributable to CPM (Note 7)	17,680	10,604
Foreign exchange loss (Note 19)	(20,420)	(63,970)
Loss on disposal of asset	(5,556)	-
Net loss before income taxes	(8,548,391)	(3,751,942)
Income taxes (Note 13)	-	-
Net loss	$ (8,548,391)	$ (3,751,942)
Comprehensive loss	$ (8,548,391)	$ (3,751,942)
Basic and diluted loss per share (Note 14)	$ (0.04)	$ (0.02)
Weighted average number of shares outstanding	206,870,263	196,388,341

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

Crystal Peak Minerals Inc.
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2018 and 2017
(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 year ended December 31, 2018	-	-	-	-	(8,548,391)	-	(8,548,391)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(8,548,391)**	**-**	**(8,548,391)**
Share-based compensation (Note 11)	-	-	-	139,327	-	-	139,327
Compensation related to restricted share units	-	-	-	2,504,620	-	-	2,504,620
Common shares issued upon acquisition of leases (Note 17)	1,000,000	-	-	-	-	-	1,000,000
Common shares issued for convertible debt interest payment (Note 9)	1,019,567	-	-	-	-	-	1,019,567
Common shares issued upon release of restricted share units (Note 11)	1,915,279	-	-	(1,915,279)	-	-	-
Share options exercised (Note 11)	368,564	-	-	(104,846)	-	-	263,718
Balance as at December 31, 2018	**$ 77,836,357**	**$ 801,043**	**$ 37,717**	**$ 7,515,114**	**$ (28,601,912)**	**$ (489,866)**	**$ 57,098,453**
Balance as at January 1, 2017	**$ 73,297,794**	**$ 906,574**	**$ 37,717**	**$ 6,311,022**	**$ (16,301,579)**	**$ (489,866)**	**$ 63,761,662**
Net loss for the year ended December 31, 2017	-	-	-	-	(3,751,942)	-	(3,751,942)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(3,751,942)**	**-**	**$ (3,751,942)**
Share-based compensation (Note 11)	-	-	-	97,911	-	-	97,911
Compensation related to restricted share units (Note 11)	-	-	-	518,705	-	-	518,705
Share conversion (Note 11)	105,531	(105,531)	-	-	-	-	-
Share options exercised (Note 11)	129,622	-	-	(36,346)	-	-	93,276
Balance as at December 31, 2017	**$ 73,532,947**	**$ 801,043**	**$ 37,717**	**$ 6,891,292**	**$ (20,053,521)**	**$ (489,866)**	**$ 60,719,612**

The accompanying notes are an integral part of these Financial Statements

Crystal Peak Minerals Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017
(Expressed in US Dollars)

	Year Ended December 31, 2018	Year Ended December 31, 2017
OPERATING ACTIVITIES		
Net loss before income taxes	$ (8,548,391)	$ (3,751,942)
Adjustments for:		
Depreciation	5,213	4,352
Share-based compensation	94,255	72,447
Compensation related to restricted share units	2,504,620	518,705
Accretion expense	741,377	498,947
Non-cash interest expense	1,916,597	699,606
Change in fair value of derivative liability	(421,586)	(211,830)
Share of net income of equity method investee	(17,680)	(10,604)
Loss on disposal of asset	5,556	-
Changes in working capital:		
Receivables	(7,036)	11,353
Prepaid expenses	(11,433)	(638)
Trade and other payables	344,326	(192,529)
Net cash used in operating activities	(3,394,182)	(2,362,133)
INVESTING ACTIVITIES		
Increase in restricted cash (Note 4)	(71,695)	-
Additions to property, plant and equipment	(48,028)	(2,141)
Proceeds from disposal of asset	500	-
Additions to mineral properties	(9,195,429)	(8,870,101)
Net cash used in investing activities	(9,314,652)	(8,872,242)
FINANCING ACTIVITIES		
Proceeds from convertible debt (Note 9)	10,000,000	12,000,000
Proceeds from exercise of share options	263,718	93,276
Net cash provided by financing activities	10,263,718	12,093,276
Net change in cash and cash equivalents	(2,445,116)	858,901
Cash and cash equivalents, beginning of year	6,759,699	5,900,798
Cash and cash equivalents, end of year	**$ 4,314,583**	**$ 6,759,699**

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

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 subsidiaries, operates an exploration-stage entity focused on the development, construction and operation of a potassium sulfate ("SOP") project on the Sevier Playa in west central Utah (the "Sevier Playa Project"). During most of 2017 CPM was engaged in engineering, permitting, and financing activities on its 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.* The Company completed work on a definitive feasibility study (the "FS") in December 2017, the results of which were published on February 21, 2018. During 2018 CPM continued permitting, engineering, and financing activities designed to move the Sevier Playa Project toward construction.

These consolidated financial statements (the "Financial Statements") are prepared using International Financial Reporting Standards as issued by the International Accounting Standards Board ("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 (the $10,000,000 convertible loan from EMR Capital (Note 9) will also be repayable in February 2020 unless refinanced or converted into common shares by the note holder).

CPM's ability to continue as a going concern 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 except for the accounting policy changes on adoption of IFRS 9, Financial Instruments as described in note 2, which has been applied effective January 1, 2018 without restatement of the comparatives.

Basis of Preparation

These Financial Statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") 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 were authorized for issuance on April 23, 2019 by the Board of Directors.

Principles of Consolidation

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").

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.

All intercompany accounts and transactions have been eliminated on consolidation. All amounts, unless specifically indicated otherwise, are presented in U.S. dollars.

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Segment Reporting

The Company currently has only one operating segment as the Company's operating results are reviewed on a consolidated basis. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer.

Foreign Currency Translation

Presentation and Functional Currency

These Financial Statements are presented in U.S. dollars. The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. Accordingly, the Company's functional currency is the U.S. dollar.

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.

Cash and Cash Equivalents

The Company considers cash and cash equivalents to include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The costs of property, plant, and equipment are composed of purchase price plus all costs directly attributable to bringing the assets to the location and condition necessary for their intended operation. Property, plant, and equipment are depreciated to their estimated residual value over their useful lives, beginning in the month following completion of the capital spending on a project or the month following the time when the assets become available for use.

The Company depreciates its property, plant, and equipment on a straight-line basis as follows:

Computers and equipment	2-5 years
Furniture and fixtures	2-5 years
Project equipment	2-5 years
Buildings	35 years

Interest in Mineral Properties

All costs related to the acquisition, exploration, evaluation, and development of mineral properties are capitalized by property where there is an expectation that the costs will be recovered. These costs are capitalized until the beginning of commercial production and will be subsequently amortized on a unit-of-production basis over the total reserves or will be written down to the recoverable amount if exploration and evaluation activities prove unsuccessful, if the mineral property is abandoned, or if the costs are no longer recoverable.

These capitalized activities include:

- acquisition of property rights or rights to explore, including all ongoing ownership costs;
- researching and analyzing historical exploration and evaluation data;
- gathering exploration data through topographical, geochemical, and geophysical studies;
- exploratory drilling, trenching, and sampling;
- determining and examining the volume and grade of the resources;
- surveying transportation and infrastructure requirements;
- field operations and expenditures;
- project permitting;
- depreciation on certain project related equipment, and assets;
- share based compensation;
- borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset;
- environmental rehabilitation obligations; and
- activities involved in evaluating the technical and commercial feasibility of extracting mineral resources, including the costs incurred in determining the most appropriate mining and processing methods.

Investment in Associate

Associates represent investments in entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting whereby the investment is initially recognized in the Consolidated Statement of Financial Position at cost and subsequently adjusted for the Company's share of an associate's profit or loss less any impairment in the value of the investment. The investment's carrying value is increased or decreased by the Company's proportionate share of the profit or loss of the associate and decreased by all dividends received by the Company from the associate. The Company's share of profit or loss of an associate is recognized in the Consolidated Statement of Loss and its share of other comprehensive income of an associate is included in other comprehensive income. Losses in excess of the Company's interest in an associate are recognized only to the extent that the Company has incurred legal or constructive obligations on behalf of the associate.

Impairment of Non-financial Assets

Assets that are subject to depreciation and/or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Interests in mineral properties incurred before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of the asset's fair value less any costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) which is the Company as a whole. Impairment losses are recognized in the Consolidated Statement of Loss.

The Company reviews its investment in associate for impairment whenever events or changes in circumstances indicate that the recoverable amount (higher of value in use and fair value less costs of disposal) may be lower than the carrying amount of the investment. In determining the value in use of the investment, the Company estimates:

- its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

An impairment loss is reversed if there is an indication that the impairment no longer exists or may have decreased. Such a reversal is limited to an amount not higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

Financial Instruments

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 IFRS 9 is similar to the previous classification under IAS 39 and did not have a material impact. Further, no material changes arose from 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 at this time.

Financial instruments for the year ended December 31, 2018

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive (loss) income ("FVTOCI"), or at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial assets and liabilities at FVTPL and FVTOCI

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the Consolidated Statement of Loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the Consolidated Statement of Loss in the period in which they arise. Where management has opted to measure a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive (loss) income. The Company measures marketable securities at FVTPL.

Elected investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for trade receivables, based on the Company's historic default rates over the expected life of the trade receivables adjusted for forward-looking estimates.

The Company recognizes in the Consolidated Statement of Loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. The loss allowance was $nil as at December 31, 2018.

Recognition and derecognition

Financial assets and financial liabilities are recognized in the Consolidated Statement of Financial Position when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the Company transfers substantially all risks and rewards of ownership or the contractual rights to the cash flows expire. Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

Financial instruments for the year ended December 31, 2017

(a) Financial Assets

Classification

Financial assets are classified into one of the following categories: at fair value through profit and loss; loans and receivables; and, available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise they are classified as non-current. The Company had no financial assets classified in this category in 2017.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's loans and receivables comprise 'cash and cash equivalents' in the 2017 Consolidated Statement of Financial Position.

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Company had no financial assets classified in this category in 2017.

Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the Consolidated Statement of Loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Consolidated Statement of Loss within 'other items' in the period in which they arise. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive (loss) income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the Consolidated Statement of Loss.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the Consolidated Statement of Loss as part of finance income. Dividends on available-for-sale equity instruments are recognized in the Consolidated Statement of Loss as part of other income when the Company's right to receive payments is established.

Impairment of Financial Assets

At each reporting date, the carrying amounts of the Company's financial assets are reviewed for impairment when there is objective evidence of impairment. For debt securities, objective evidence may include a debtor experiencing significant financial difficulty, default, or delinquency in payments and when observable data indicate that there is a measurable decrease in the estimated future cash flows. For equity securities, objective evidence may include a significant or prolonged decline in the fair value of the security below its cost. If such evidence exists, the Company recognizes an impairment loss as follows:

- Financial assets carried at amortized cost – the impairment loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- Available-for-sale financial assets – the impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the Consolidated Statement of Loss. This amount represents the cumulative loss in accumulated other comprehensive (loss) income that is reclassified to net loss.

Impairment losses on financial instruments carried at amortized cost can be reversed if the impairment loss decreases and that decrease can be related objectively to an event occurring after the impairment loss was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

(b) ***Financial Liabilities***

Classification

Financial liabilities are classified into one of the following categories: at fair value through profit and loss; and, other financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

Financial liabilities at fair value through profit and loss are financial liabilities held for trading. A financial liability is classified in this category if incurred principally for the purpose of repurchasing in the short term. Liabilities in this category are classified as current liabilities if expected to be settled within 12 months; otherwise they are classified as non-current. The Company's financial liabilities classified in this category relate to the repurchase obligation and the embedded derivatives within the convertible debt instruments.

Other financial liabilities at amortized cost are non-derivative financial liabilities not classified as held for trading. They are included in current liabilities, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current liabilities. The Company's other financial liabilities comprise 'trade and other payables' and 'convertible debt' in the Consolidated Statement of Financial Position.

Measurement

Gains or losses arising from changes in the fair value of 'financial liabilities at fair value through profit or loss' category are presented in the Consolidated Statement of Loss within 'other items' in the period in which they arise

Other financial liabilities are initially recorded at fair value plus transaction costs and subsequently at amortized cost using the effective interest method.

(c) ***Offsetting Financial Instruments***

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of the Company's default, insolvency or bankruptcy.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost with the difference between the proceeds (net of transaction costs) and the redemption value being recognized in the Consolidated Statement of Loss over the term of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Compound Financial Instruments

Compound financial instruments issued by the Company comprise borrowings that have both a liability and equity component, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at fair value. The equity component is recognized as the difference between the proceeds received from the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Convertible Debt

On June 29, 2017, CPM entered into a convertible loan agreement (the “Loan Agreement”) with EMR Capital Investment (No. 5B) Pte. Ltd., an affiliate of EMR Capital Resources Fund 1, LP (“EMR”), its largest shareholder, pursuant to which EMR lent CPM $12,000,000 (the “Loan”).

On July 19, 2018 the Company entered into a second 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”).

The conversion features of the Loan and the 2018 Loan meet the definition of a derivative liability instrument because the conversion features are 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 features do not meet the “fixed-for-fixed” criteria outlined in IAS 32. As a result, the conversion features of both the Loan and the 2018 Loan are required to be recorded as derivative liabilities recorded at fair value and marked to market each period, with the changes in fair value each period being reflected on the Consolidated Statement of Loss.

The Loan and the 2018 Loan each has an embedded derivative in relation to a voluntary prepayment option at no penalty. As the option exercise price is approximately equal on each exercise date to the amortized cost of the host debt instrument, it is considered to be closely related to the host debt contract and has not been bifurcated and recorded separately as another derivative.

Both loans were separated into a convertible loan component and a derivative liability for the conversion option, both of which were initially recorded at fair value. The convertible loans are classified and measured at amortized cost using the effective interest method.

Repurchase Obligation

As part of the May 2, 2014 financing transaction (See Note 9), the Company agreed to pay the lenders a production fee based on future production of SOP; however, the production fee agreement may be repurchased by the Company at any time for a specified amount based on the timing of repayment of the loan.

The Company intends to repurchase the production fee agreement prior to beginning production (see Note 9). Because (a) the Company has a present obligation as a result of past events, (b) it is probable that an outflow of resources will be required to settle the obligation, and (c) the amount can be reliably estimated, the Company has recorded a repurchase obligation for the production fee repurchase agreement.

The repurchase agreement is an embedded derivative in this financing transaction that was not closely related to the host debt contract (which was repaid in 2016) and is being accounted for at fair value measured at the present value of the expenditure expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increases in the repurchase obligation due to the passage of time and changes in estimated amount and timing of the buyout obligation are recognized as finance expenses.

Environmental Rehabilitation Obligations

Environmental rehabilitation obligations arise from the exploration, evaluation, development, construction, and normal operation of mining property, plant, and equipment as mining activities are subject to various laws and regulations governing the protection of the environment. Generally, these laws and regulations are continually changing, and management has made, and intends to continue to make, expenditures to comply with such laws and regulations.

The Company records the estimated present value of rehabilitation obligations in the year in which they are incurred. A corresponding increase to the carrying amount of the related asset is recorded and depreciated over the life of the asset. The liability is reviewed and adjusted each period for changes in the discount rates and in the estimate of the amount, timing, and cost of the rehabilitation work to be carried out. Changes in the resulting liability are adjusted against the carrying amount of the related asset.

Share-based Compensation

The Company operates an equity-settled, share-based compensation plan, under which the Company receives services from employees, officers, directors, and consultants as consideration for equity options. The fair value of common share options granted is recognized as a share-based compensation expense or capitalized to the mineral property for employees dedicated to the exploration, evaluation, and development of mineral properties, with a corresponding increase in contributed surplus. The fair value is measured using the Black-Scholes option-pricing model as at the grant date and is recognized over the vesting period using a graded (accelerated) amortization schedule. At each financial reporting date, the share-based compensation expense is adjusted to reflect the actual number of common share options that are expected to vest.

Upon exercise of a common share option, the consideration received is credited to share capital along with the contributed surplus previously recognized.

Restricted Share Units (RSU)

In June 2017, CPM adopted a restricted share unit plan (the "RSU Plan"). Under the RSU Plan, selected participants are granted RSUs, where each RSU represents the right to receive one CPM common share upon expiration of an applicable restricted period (vesting). RSUs are measured at fair value on the grant date. Such equity settled share-based payment transactions are not remeasured once the grant date fair value has been determined. The RSU compensation expense is recognized on a straight-line basis over the vesting period using a graded (accelerated) amortization schedule, with a corresponding charge to contributed surplus. Compensation expense for RSUs incorporates an estimate for expected forfeiture rates based on historical forfeitures.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the Consolidated Statement of Loss except to the extent that it relates to items recognized directly in other comprehensive (loss) income or directly in equity, in which case the income tax is also recognized directly in other comprehensive (loss) income or equity, respectively.

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

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill in jurisdictions that do not allow the deduction of goodwill for tax purposes; and deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities within the Consolidated Statement of Financial Position.

Comprehensive Loss

Comprehensive loss, composed of net loss and other comprehensive loss, is defined as the change in shareholders' equity from transactions and other events from non-owner sources and includes such things as cumulative foreign translation adjustments. The components of comprehensive loss are disclosed in the Consolidated Statement of Comprehensive Loss. Cumulative changes in other comprehensive loss are included within equity attributable to the Company's owners. Foreign translation adjustments are accumulated within the translation reserve.

Basic and Diluted Loss per Share

Basic earnings per common share is calculated by dividing the net earnings from operations by the weighted-average number of common shares outstanding for the period. Diluted per-share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. In a loss-making year, potentially dilutive common shares are excluded from the loss per-share calculation as the effect would be antidilutive.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to expense over the period of the lease.

Adoption of New Accounting Standards

IFRS 9, Financial Instruments ("IFRS 9") was adopted as of January 1, 2018. IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to the measurement of financial liabilities is unchanged. The change did not impact the carrying value of any financial assets.

(Expressed in US Dollars)

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash and cash equivilents	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Repurchase obligation	FVTPL	FVTPL
Trade and other payables	Other liabilities	Amortized cost
Deriative liability	FVTPL	FVTPL
Loans	Other liabilities	Amortized cost

New Standards and Interpretations Not Yet Adopted

The following standards are effective for annual periods beginning after January 1, 2019, and have not yet been applied in preparing these Financial Statements:

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 statement of financial position. 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 finalizing its assessment of the impact of IFRS 16, and the adoption is not expected to have a material impact.

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 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. Significant estimates and judgments made by management relate to the following:

Impairments

The determination of asset impairment indicators for property, plant, and equipment, mineral properties, and investments in associates requires judgment regarding variables such as expected future cash flows and reasonable discount rates. The determination of the commercial viability and economic recoverability of the Company's mineral property interests and evaluation and exploration costs requires judgment based on current and expected data as well as expectations of future events that are believed to be reasonable under the circumstances.

The Company's impairment analysis for its investment in mineral property on the Sevier Playa Project (including its investment in associates) was based on significant estimates and judgments as contained in the Feasibility Study (the "FS"). The FS, which investigated both technical and economic aspects of the Sevier Playa Project, established important estimates and assumptions for annual production rates, mine life, capital and operating costs, product pricing, and effective tax rates. Actual annual production rates, mine life, capital and operating costs, product pricing, and effective tax rates may differ from those contained in the FS and estimated by management, thereby affecting the value of the Sevier Playa Project.

Environmental Rehabilitation Obligations

The determination of provisions for environmental rehabilitation and reclamation obligations arising from the Company's exploration, evaluation, development, construction, and operating activities requires the use of estimates and management judgment. Future rehabilitation costs in relation to changes in estimates are accrued based on management's best estimate at the end of each period of the discounted cash costs expected to be incurred. Accounting for rehabilitation obligations requires management to make estimates of the future costs the Company will incur to complete the rehabilitation work required to comply with existing laws and regulations. These estimates are dependent upon labor and materials costs, known environmental impacts, the effectiveness of rehabilitation measures, inflation rates, and pre-tax interest rates that reflect a current market assessment of time value of money and the risk specific to the obligation. The Company also estimates the timing of the outlays, which is subject to change depending on continued exploitation and newly discovered mineral resources.

Actual rehabilitation costs incurred may differ from those amounts estimated by management. Moreover, future changes to environmental laws and regulations could increase the extent of rehabilitation work required to be performed by the Company, therefore increasing future costs.

Valuation of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and makes assumptions that are based on market conditions (See Notes 9 and 19).

Note 4. Restricted Cash

On June 26, 2018, Peak Minerals provided to the Utah Division of Oil, Gas and Mining ("DOGM") cash in the amount of $71,600, in lieu of a surety bond for the exploration of certain Utah School and Institutional Trust Lands Administration ("SITLA") lands controlled by Peak Minerals as part of the Sevier Playa Project. During the year ended December 31, 2018, the Company accrued interest income totaling $95 on its restricted cash held with DOGM (year ended December 31, 2017 was nil)

(Expressed in US Dollars)

Note 5. Property Plant, and Equipment

The property, plant, and equipment balance consists of:

	Computers & equipment	Furniture & fixtures	Project equipment	Buildings	Total
As at January 1, 2017					
Cost	$ 35,529	$ 30,785	$ 361,822	$ 98,187	$ 526,323
Accumulated depreciation	(30,743)	(21,144)	(317,048)	(14,918)	(383,853)
Net book amount	**$ 4,786**	**$ 9,641**	**$ 44,774**	**$ 83,269**	**$ 142,470**
Year ended December 31, 2017					
Opening net book amount	$ 4,786	$ 9,641	$ 44,774	$ 83,269	$ 142,470
Additions	2,141	-	-	-	2,141
Depreciation	(2,193)	(2,159)	(24,238)	(2,805)	(31,395)
Closing net book amount	**$ 4,734**	**$ 7,482**	**$ 20,536**	**$ 80,464**	**$ 113,216**
As at December 31, 2017					
Cost	$ 37,670	$ 30,785	$ 361,822	$ 98,187	$ 528,464
Accumulated depreciation	(32,936)	(23,303)	(341,286)	(17,723)	(415,248)
Net book amount	**$ 4,734**	**$ 7,482**	**$ 20,536**	**$ 80,464**	**$ 113,216**

	Computers & equipment	Furniture & fixtures	Project equipment	Buildings	Total
As at January 1, 2018					
Cost	$ 37,670	$ 30,785	$ 361,822	$ 98,187	$ 528,464
Accumulated depreciation	(32,936)	(23,303)	(341,286)	(17,723)	(415,248)
Net book amount	**$ 4,734**	**$ 7,482**	**$ 20,536**	**$ 80,464**	**$ 113,216**
Year ended December 31, 2018					
Opening net book amount	$ 4,734	$ 7,482	$ 20,536	$ 80,464	$ 113,216
Additions	3,927	-	44,101	-	48,028
Disposals	-	(6,056)	-	-	(6,056)
Depreciation	(3,788)	(1,426)	(12,415)	(2,805)	(20,434)
Closing net book amount	**$ 4,873**	**$ -**	**$ 52,222**	**$ 77,659**	**$ 134,754**
As at December 31, 2018					
Cost	$ 41,597	$ 24,729	$ 405,923	$ 98,187	$ 570,436
Accumulated depreciation	(36,724)	(24,729)	(353,701)	(20,528)	(435,682)
Net book amount	**$ 4,873**	**$ -**	**$ 52,222**	**$ 77,659**	**$ 134,754**

During the year ended December 31, 2018, the Company recognized depreciation expense of $20,434 (year ended December 31, 2017, $31,395), of which $5,213 (year ended December 31, 2017, $4,352) was recognized as expense in the Consolidated Statement of Loss and $15,221 (year ended December 31, 2017, $27,043) was capitalized in interest in mineral properties.

(Expressed in US Dollars)

Note 6. Interest in Mineral Properties

The interest in mineral properties balance consists of exploration and evaluation assets relating to expenditures incurred in connection with the exploration and evaluation of mineral resources of the Company's Sevier Playa project:

	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**
Year ended December 31, 2017						
Opening net book amount	23,324,278	658,801	11,113,317	1,298,783	17,421,168	53,816,347
Additions	326,869	2,113	838,309	92,050	7,053,360	8,312,701
Closing net book amount	**23,651,147**	**660,914**	**11,951,626**	**1,390,833**	**24,474,528**	**62,129,048**
As at December 31, 2017						
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**
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**
Year ended December 31, 2018						
Opening net book amount	23,651,147	660,914	11,951,626	1,390,833	24,474,528	62,129,048
Additions	2,795,311	1,759	530,261	206,032	7,347,763	10,881,126
Closing net book amount	**26,446,458**	**662,673**	**12,481,887**	**1,596,865**	**31,822,291**	**73,010,174**
As at December 31, 2018						
Cost	26,446,458	662,673	12,481,887	1,596,865	31,822,291	73,010,174
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	**$ 26,446,458**	**$ 662,673**	**$ 12,481,887**	**$ 1,596,865**	**$ 31,822,291**	**$ 73,010,174**

(Expressed in US Dollars)

Note 7. Investment in Associate

In 2011, Peak Minerals acquired a 40% interest in Emerald Peak Minerals, LLC ("Emerald Peak") for $6.1 million by contributing to equity certain Emerald Peak notes it held. Emerald Peak is a privately held company domiciled in Utah, U.S. that holds the rights to 6,409 acres of State of Utah property leases on the Sevier Playa issued by SITLA.

Lance D'Ambrosio, the Company's former Chief Executive Officer and a former director, and the estate of Jeff Gentry (a former director), own the remaining 60% of Emerald Peak. The Company's investment in Emerald Peak's mineral property is accounted for using the equity method.

On April 18, 2011, Peak Minerals entered into an agreement (the "Commercial Services Agreement") with Emerald Peak, whereby Emerald Peak agreed to commit the acreage associated with the Emerald Peak state leases on the Sevier Playa Project that CPM did not control to development and operation by Peak Minerals. Emerald Peak will make no payments for the development of these state leases and will receive no net revenues from the production from these state leases – all revenues and costs incurred under the Commercial Services Agreement will be for the benefit of Peak Minerals. The contract committed Peak Minerals to pay Emerald Peak the greater of $40,000 per year or a 7.5% overriding royalty on all SOP production allocated to the state leases and stipulates that Peak Minerals will be the designated unit operator upon the approval of a unitization agreement between Emerald Peak, Peak Minerals, a third party, LUMA Minerals, LLC, ("LUMA" Note 17), the U.S. Bureau of Land Management ("BLM"), and SITLA. In April 2014, Emerald Peak assigned its future rights to the overriding royalties to its three members. Effective October 2018, the State of Utah introduced an annual royalty of the greater of 5% of production revenues allocated to the state leases and a $25,000 minimum annual royalty. Peak Minerals agreed to pay Emerald Peak Minerals the $25,000 for the 2018 minimum annual royalty.

The Company's share of net income from Emerald Peak is summarized below:

Investment as at January 1, 2017	**$**	**6,121,200**
Share of net income		10,604
Investment as at December 31, 2017	**$**	**6,131,804**
Share of net income		17,680
Investment as at December 31, 2018	**$**	**6,149,484**

Emerald Peak's summarized balance sheet as at December 31, 2018, and December 31, 2017, is included below:

As at		**December 31, 2018**		**December 31, 2018**
Current				
Cash and cash equivalents	$	4,802	$	11,638
Total current assets		4,802		11,638
Non-current				
Interest in mineral properties		1,368,454		1,317,418
Net assets		1,373,256		1,329,056
Crystal Peak Minerals ownership interest		549,302		531,622
Fair value increment on acquisition of interest, net of foreign currency effects		5,600,182		5,600,182
Carrying value of investment	**$**	**6,149,484**	**$**	**6,131,804**

(Expressed in US Dollars)

Emerald Peak's summarized income for the years ended December 31, 2018 and December 31, 2017, is included below:

	Year Ended	
	December 31, 2018	December 31, 2017
Revenue	$ 65,000	$ 40,000
Profit from operations	44,200	26,510
Total income	$ 44,200	$ 26,510

Effective December 31, 2018, Peak Minerals Inc. made a commitment to purchase all of the membership interests of Emerald Peak held by both the Estate of Jeff Gentry, and Lance D'Ambrosio for $349,452. Peak Minerals also received an assignment of membership interests and that portion of the capital account attributable to the purchased interests, but did not receive the rights to their combined 4.5% future overriding royalties. The transactions were closed in the first quarter 2019. Emerald Peak's capital was then reduced to zero and the LLC will be dissolved after the leases have been transferred to Peak Minerals.

As a result of these transactions, the Company's indirect interest in 95.5% of all SOP production associated with the state lease property rights held by Emerald Peak became a direct interest in those property rights and the Company's interest in associate will primarily be reclassified in Q1 2019 to interest in mineral properties (inclusive of the fair value increment).

Note 8. Trade and Other Payables

Trade and other payables consist of:

As at	December 31, 2018	December 31, 2017
Trade payables	$ 1,473,853	$ 500,895
Social security and other taxes payable	4,538	14,889
Accrued expenses	65,865	64,246
	$ 1,544,256	$ 580,030

Note 9. Borrowings and Related Financial Liabilities

Borrowings and related financial liabilities consist of:

	Repurchase obligation	Convertible debt, host	Derivative liability in convertible debt	Total
As at January 1, 2017	$ 685,648	$ -	$ -	$ 685,648
Proceeds from convertible debt issuance	-	11,409,431	590,569	12,000,000
Accretion	305,393	193,554	-	498,947
Change in fair value	-	-	(211,830)	(211,830)
As at December 31, 2017	**$ 991,041**	**$ 11,602,985**	**$ 378,739**	**$12,972,765**
Proceeds from convertible debt issuance	-	9,929,846	70,154	10,000,000
Accretion	305,393	416,386	-	721,779
Change in fair value	-	-	(421,586)	(421,586)
As at December 31, 2018	**$ 1,296,434**	**$ 21,949,217**	**$ 27,307**	**$23,272,958**

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 $1,296,434 at December 31, 2018 (December 31, 2017 - $991,041) based on a discounted cash flow model using an assumption that the production fee agreement will be bought out prior to production, and a discount rate of 24.5%. The change in fair value of this liability is reflected within the accretion expense in Note 9.

Convertible Debt

On June 29, 2017, CPM entered into the Loan Agreement with EMR, its largest shareholder, pursuant to which EMR lent CPM $12,000,000. The Loan matured after 18 months from the date of issuance on December 29, 2018, and bore 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 was 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. On January 2, 2019, the loan principal and outstanding accrued interest payments were settled by the issuance of common shares (Note 20).

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 did not meet the "fixed-for-fixed" criteria outlined in IAS 32. As a result, the conversion feature of the Loan was 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 Consolidated 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.

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.

When estimating the initial fair value of the debt host and embedded derivative liability components of the Loan, the debt host contract was valued using a discounted cash flow analysis using a 16% 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, using a Black Scholes valuation model.

(Expressed in US Dollars)

The following tables disclose the components and assumptions associated with this transaction on the closing date:

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

Face value of convertible debt	$	12,000,000
Less derivative component		(590,569)
Value assigned to convertible debt	**$**	**11,409,431**

The changes in the convertible debt are as follows:

Convertible debt balance as at December 31, 2017	$	11,602,985
Accretion		397,015
Convertible debt balance as at December 31, 2018	**$**	**12,000,000**

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 December 31, 2018	**$**	**-**

On July 19, 2018 the Company entered into a second 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 will mature 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. Interest in the amount of $387,116 was accrued and compounded as at December 31, 2018.

(Expressed in US Dollars)

When estimating the initial fair value of the first tranche of the debt host and embedded derivative liability components of the 2018 Loan, 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 volatility of 25.50% using a Black Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Tranche 1 inception July 19, 2018	December 31, 2018
Market price	C$0.31	C$0.17
Conversion price per common share	C$0.50	C$0.50
Risk-free interest rate	1.92%	1.86%
Expected volatility	25.50%	25.84%
Expected dividend yield	0%	0%
Expected life (years)	1.50	1.083

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		13,441
Convertible debt balance as at December 31 2018	**$**	**4,973,009**

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		(40,432)
Balance as at December 31, 2018	**$**	**-**

(Expressed in US Dollars)

On October 29, 2018 the Company closed the second tranche of the 2018 Loan from EMR in the amount of $5,000,000. When estimating the initial fair value of the second tranche of the debt host and embedded derivative liability components of the 2018 Loan, 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 volatility of 40.5% using a Black Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Tranche 2 inception October 29, 2018	December 31, 2018
Market price	C$0.225	C$0.17
Conversion price per common share	C$0.50	C$0.50
Risk-free interest rate	2.25%	1.86%
Expected volatility	40.50%	40.71%
Expected dividend yield	0%	0%
Expected life (years)	1.30	1.083

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		(29,722)
Value assigned to convertible debt	**$**	**4,970,278**

The changes in the convertible debt are as follows:

Opening balance	$	-
Value assigned to convertible debt		4,970,278
Accretion		5,930
Convertible debt balance as at December 31 2018	**$**	**4,976,208**

The changes in the derivative liability are as follows:

Opening balance	$	-
Fair value assigned at loan inception		29,722
Change in fair value of derivative liability		(2,415)
Balance as at December 31, 2018	**$**	**27,307**

(Expressed in US Dollars)

Note 10. Provision for Environmental Rehabilitation

In connection with the Company's exploration and drilling activities on its Sevier Playa Project, the Company has an obligation to remediate the impact of these activities.

Balance as at January 1, 2017	**$**	**203,460**
Reductions		(14,583)
Accretion		4,026
Expenditures incurred		-
Balance as at December 31, 2017	**$**	**192,903**
Additions		2,215
Accretion		5,352
Expenditures incurred		-
Balance as at December 31, 2018	**$**	**200,470**

Note 11. 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.

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 payments	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	-	1,915,279	-
Share options exercised	823,816	-	368,564	-
Balance as at December 31, 2018	**209,090,930**	**2,466,947**	**77,836,357**	**$ 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 cash 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 cash 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.

(Expressed in US Dollars)

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 17).

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 December 31, 2018:

	Weighted average remaining contractual life (yrs)	Number of share purchase warrants		Weighted average exercise price (C$)
Extract Warrants	0.33	750,000	$	0.36
Share purchase warrants outstanding, end of period	**0.33**	**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 November 14, 2017, CPM granted 4,081,609 RSUs to certain directors with a market price of C$0.40 at time of grant. The RSUs vest in three equal annual installments on January 15, 2018, January 15, 2019, and January 15, 2020. The RSUs also vest in full upon retirement or in the event of termination due to a change of control.

On December 21, 2017, CPM granted 3,700,000 RSUs to an officer and director with a market price of C$0.42 at time of grant. The RSUs vest in three equal annual installments on January 15, 2018, January 15, 2019, and January 15, 2020. The RSUs also vest in full upon retirement or in the event of termination due to a change of control.

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 requirement were met and 3,700,000 common shares were released to a former employee and officer of the Company.

(Expressed in US Dollars)

The following table reflects the continuity of RSUs outstanding for the period ended December 31, 2018 and 2017.

	December 31, 2018			December 31, 2017		
	Number of units	Average remaining contractual life (years)	Average market price at time of grant (C$)	Number of units	Average remaining contractual life (years)	Average market price at time of grant (C$)
Balance, beginning of year	**7,781,609**	**9.77**	**$ 0.41**	**-**	**-**	**$ -**
Granted	3,902,889	9.01	0.45	7,781,609	9.77	0.41
Released	(6,501,184)	9.65	0.40	-	-	-
Balance, end of year	**5,183,314**	**9.00**	**$ 0.43**	**7,781,609**	**9.77**	**$ 0.41**

Share purchase options

CPM has a share option plan (the "Option Plan") whereby the Board of Directors may grant options to acquire common shares to directors, officers, employees, or consultants. 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.

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 period ended December 31, 2018 and 2017.

	December 31, 2018		December 31, 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	1,850,000	0.41
Exercised	(823,816)	0.40	(300,000)	0.40
Forfeited	(1,750,000)	0.42	(5,203,260)	0.42
Expired	(200,000)	0.40	(925,000)	1.04
Balance, end of period	**5,175,000**	**$ 0.43**	**7,698,816**	**$ 0.42**
Exercisable share purchase options	**641,666**	**$ 0.40**	**4,248,816**	**$ 0.42**

(Expressed in US Dollars)

A summary of common share options outstanding as at December 31, 2018 is as follows:

Exercise price per share (C$)	Number of awards vested and exercisable	Weighted average remaining contractual life (yrs)	Number of share purchase options		Weighted average exercise price (C$)
$0.40 - 0.41	641,666	**2.48**	975,000	$	0.40
0.42 - 0.43	1,666,665	**2.66**	2,400,000		0.42
0.44 - 0.45	1,450,000	**2.68**	1,800,000		0.45
Share purchase options outstanding, end of period	**3,758,331**	**2.63**	**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:

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

(Expressed in US Dollars)

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 year ended December 31, 2018 was $139,327 (year ended December 31, 2017 – $97,911), of which $94,255 (year ended December 31, 2017 - $72,447) was charged to expense in the Consolidated Statement of Loss and $45,072 (year ended December 31, 2017 - $25,464) was capitalized in mineral properties. The offsetting credit was recorded as contributed surplus.

Note 12. Finance Expense

Finance expenses are as follows:

	Year Ended	
	December 31, 2018	December 31, 2017
Interest expense	$ 1,916,597	$ 699,606
Non-resident Canadian withholding tax	394,119	-
Total finance expenses	**$ 2,310,716**	**$ 699,606**

(Expressed in US Dollars)

Note 13. Income Taxes

The Company's income tax expense for the years ended December 31, 2018 and December 31, 2017 consists of the following:

	Year Ended	
	December 31, 2018	**December 31, 2017**
Loss before income taxes	$ (8,548,391)	$ (3,751,942)
Income tax recovery at combined federal and provincial rate of 28.49%	(2,435,436)	(1,068,928)
Foreign rate differences	166,724	(206,732)
Non-deductible expenses	238,122	101,532
Losses and temporary differences not recognized	2,030,590	1,174,128
Income tax	**$ -**	**$ -**

Deferred tax assets have not been recognized respecting the following items:

As at	**December 31, 2018**	**December 31, 2017**
Unrecognized deferred tax assets:		
Deductible temporary differences	$ 522,262	$ 250,513
Loss carryforwards	3,769,417	3,597,210
Share issuance costs	94,929	170,391
Repurchase obligation accretion	369,354	282,348
Cummulative eligible capital deductions	75,098	75,098
Convertible debt	(6,688)	(5,207)
	$ 4,824,372	**$ 4,370,353**

The Company has C$2,749,486 (year ended December 31, 2017 C$5,151,114) of Canadian noncapital losses that will expire in 2038, and $8,412,285 (year ended December 31, 2017 $8,535,703) of U.S. noncapital losses that will expire between 2031 and 2037, and US noncapital losses of $3,556,004 that have an unlimited life.

The utilization of the net operating loss carryforward in the US is dependent upon the tax laws in effect at the time the net operating loss can be utilized and may be significantly limited based on ownership changes as set forth in Section 382 of the Internal Revenue Code.

On December 22, 2017, the Tax Cuts and Jobs Act ("Tax Reform") was signed into law in the United States. Tax Reform lowered the U.S. Federal corporate tax rate from 35% to 21% and made numerous other tax law changes. The change in tax law required the Company to remeasure existing net deferred tax liabilities using the lower rate in the period of enactment resulting in an immaterial impact to the Financial Statements for the year ended December 31, 2017.

Note 14. 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 year ended December 31, 2018 was $0.04 (year ended December 31, 2017, $0.02) and was based on the loss attributable to the common shareholders of $8,548,391 (year ended December 31, 2017, $3,751,942), and the weighted average number of common shares outstanding for the year of 206,870,263 (year ended December 31, 2017, 196,388,341). The diluted loss per share did not include the effect of the following securities, as they are anti-dilutive:

(Expressed in US Dollars)

As at	December 31, 2018	December 31, 2017
Number of share purchase warrants	750,000	750,000
Number of restricted share units	5,183,314	7,781,609
Number of share purchase options	5,175,000	7,698,816
	11,108,314	**16,230,425**

Note 15. Expenses by Nature

	Year Ended	
	December 31, 2018	December 31, 2017
Salaries and benefits	$ 1,247,665	$ 824,592
Restricted share unit compensation	2,504,620	518,705
Office expenses	167,268	128,041
Director fees	340,000	31,650
Depreciation	5,213	4,352
Investor relations	320,255	323,514
Professional fees	1,024,370	780,012
Share-based compensation	94,255	72,447
Other expenses	250,181	70,014
	$ 5,953,827	$ 2,753,327

Note 16. 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 the Commercial Services 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% (see Note 7).

Effective December 31, 2018, Peak Minerals Inc. made a commitment to purchase all of the membership interests held by both the Estate of Jeff Gentry, and Lance D'Ambrosio for $349,452. Peak Minerals also received an assignment of membership interest and that portion of the capital account attributable to the purchased interests but did not receive the rights to their combined 4.5% future overriding royalties (Note 7). The transaction closed in the first quarter of 2019.

(Expressed in US Dollars)

Directors and Officers

During the year ended December 31, 2018 and December 31, 2017, compensation paid or payable to key management personnel was as follows:

	Year Ended	
	December 31, 2018	December 31, 2017
Salaries, benefits, and compensation	$ 1,160,900	$ 1,096,499
Director fees	340,000	31,650
Share-based compensation	70,156	52,670
Compensation related to restricted share units	1,915,279	-
Total key management compensation	**$ 3,486,335**	**$ 1,180,819**

EMR

During the years ended December 31, 2018 and 2017, the Company entered into certain agreements with EMR, the Company's largest shareholder, in respect of convertible loans (See Note 9).

Note 17. Commitments and Contingencies

LUMA Minerals LLC

Effective July 15, 2011, Peak Minerals and LUMA entered into a cooperative development agreement (the "LUMA Agreement") to develop additional 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 in 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 (equal in value to $1,000,000) 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 pursuant to a lease that expires on June 30, 2021. This lease has been accounted for as an operating lease.

The future minimum lease payments are as follows:

Minimum lease payments as at	December 31, 2018	December 31, 2017
Not later than 1 year	$ 109,749	$ 41,060
Later than 1 year but less than five years	169,989	-
	$ 279,738	**$ 41,060**

Note 18. Capital Management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain adequate levels of funding to support the acquisition, exploration, and development of its projects and corporate and administrative functions. Management, therefore, adjusts the capital structure as necessary in order to support these critical functions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- minimizing discretionary disbursements;
- reducing or eliminating operating expenditures that are of limited strategic value; and
- exploring alternative sources of investment and liquidity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

Note 19. Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk, and fair value risk. Risk management is carried out by the Company's management team with guidance from and under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Market Risk

<u>Currency Risk</u>

Management believes that the currency risk concentration in respect of cash balances is minimal. As at December 31, 2018, the Company held cash balances of $4,314,583 (December 31, 2017, $6,759,699), of which $4,308,455 was held in U.S. dollars (December 31, 2017, $6,747,216) and $6,128 was held in Canadian dollars (December 31, 2017, $12,483). The Company does not use derivative instruments to reduce its exposure to foreign exchange risk against its functional currencies.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash has been deposited with the Company's banking institutions, from which management believes the risk of loss to be minimal given the financial strength of its banking institutions with a minimal credit rating of A+/A-1. Accounts receivable consist of taxes receivable from government authorities and are in good standing as at December 31, 2018. Management believes that the credit risk concentration respecting financial instruments included in accounts receivable is minimal.

Liquidity Risk

Liquidity risk is a significant risk factor as the Company's future is dependent upon its ability to obtain sufficient cash from external financing and related parties in order to fund its ongoing permitting and feasibility study work and ultimate project development and construction. The Company's approach to managing liquidity risk is to pursue all financing alternatives in connection with the evaluation and development of the Sevier Playa Project to ensure that it will have sufficient liquidity to meet liabilities as they come due (see Note 1). As at December 31, 2018, the Company had a cash balance of $4,314,583 (December 31, 2017 - $6,759,699) to settle current liabilities of $15,490,344 (December 31, 2017 - $13,261,285) of which $13,596,636 related to the principal and outstanding accrued interest on the EMR debenture converted into common shares on January 2, 2019 (see Note 20) As per Note 17, the Company also had committed expenditures as at December 31, 2018, of $279,738 (as at December 31, 2017 – $41,060).

Fair Value Risk

As at December 31, 2018, the Company's financial instruments consisted of cash and cash equivalents, trade and other payables, interest payable, convertible debt, derivative liability, and the production repurchase obligation. The carrying amounts of the cash and cash equivalents, trade and other payables, interest payable and convertible debt approximate fair value due to the short-term nature of these financial instruments. The derivative liability and repurchase obligation are recorded at fair value (See Note 9).

Fair value measurements recognized in the Consolidated Statement of Financial Position must be categorized in accordance with the following levels:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the convertible debt conversion option is classified as level 2 and the fair value of the repurchase obligation is classified as level 3. The Company has not transferred any financial instruments between Levels 1, 2, or 3 of the fair value hierarchy during the year ended December 31, 2018.

Note 20. Subsequent Events

Convertible Debt

On January 2, 2019, the Company issued 7,758,401 common shares at a deemed value of $0.16 (C$0.21) per common share to settle an interest payment, and 29,201,455 common shares at a deemed value of $0.41 (C$0.55) per common share to settle the EMR Loan in full, pursuant to the Loan Agreement. The Company remitted $212,748 (C$285,722) in non-resident Canadian withholding tax to the Canadian Revenue Agency ("CRA") related to the interest payment, pursuant to the Loan Agreement.

On March 29, 2019, the Company issued 4,275,581 common shares at a deemed value of $0.14 (C$0.185) per common share to settle an interest payment, The Company remitted C$139,608 in non-resident Canadian withholding tax to the Canadian Revenue Agency ("CRA") related to the interest payment, pursuant to the Loan Agreement.

Share Release

On March 27, 2019, RSU vesting requirements were met and 640,212 common shares were released to certain directors.

Acquisition of Remaining Interests in Associate

In January 2019 and March 2019, the Company acquired the remaining membership interests in Emerald Peak Minerals LLC for $349,452 (Note 7).

Subscription Agreement

Effective April 24, 2019, the Company entered into a subscription agreement with EMR, pursuant to which the Company will issue EMR 39,215,686 units at a price of C$0.17 per unit for gross proceeds of C$6,666,666 (U$5,000,000). Each unit will be composed of one common share, and one-half of one common share purchase warrant for an aggregate of 39,215,686 common shares and 19,607,846 warrants. Each warrant will entitle EMR to subscribe for one common share at a price of C$0.21 per share for a period of 18 months following closing, subject to the approval of the TSX Venture Exchange.