OMINECA
MINING AND METALS LTD.

(An Exploration Stage Corporation)
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

For the years ended
December 31, 2018 and 2017

Crowe MacKay LLP
1100 - 1177 West Hastings St.
Vancouver, BC V6E 4T5
Main +1 (604) 687-4511
Fax +1 (604) 687-5805
www.crowemackay.ca

Independent Auditor's Report

To the Shareholders of Omineca Mining and Metals Ltd.

Opinion

We have audited the consolidated financial statements of Omineca Mining and Metals Ltd. ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017 and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the 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.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the 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.

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 Keith L. Gagnon.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
April 24, 2019

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at December 31	2018	2017
Assets		
Current		
Cash and cash equivalents	**$ 6,544**	$ 13,987
Accounts receivable	**12,994**	13,410
Prepaids	**-**	8,002
Current investments (Note 4)	**36,575**	65,167
BCMETC receivable	**-**	10,792
	56,113	111,358
Reclamation bonds (Note 12)	**65,000**	65,000
Property and equipment (Note 5)	**8,333**	11,898
Exploration and evaluation assets (Notes 6 and 11)	**7,136,186**	7,221,324
	$7,265,632	$7,409,580
Liabilities and Shareholders' Equity (Deficit)		
Current		
Accounts payable and accrued liabilities (Note 11)	**$ 660,481**	$ 434,648
Long term liabilities	**359,087**	279,551
Decommissioning provision (Note 12)	**65,000**	65,000
Debenture payable (Note 7)	**7,978,518**	7,280,430
	9,063,086	8,059,629
Shareholders' equity (deficit)		
Share capital (Note 8)	**16,978,281**	16,978,281
Equity component of convertible debenture	**448,116**	448,116
Contributed surplus (Note 8)	**729,301**	549,301
Accumulated Other Comprehensive income (Note 3(o))	**-**	28,863
Deficit	**(19,953,152)**	(18,654,610)
	(1,797,454)	(650,049)
	$7,265,632	$7,409,580

Nature and continuance of operations (Note 1)
Commitments and contingencies (Note 12)

On behalf of the Board:

"Tom MacNeill" Director
Mr. Tom MacNeill (Signed)

"Andrew Davidson" Director
Mr. Andrew Davidson (Signed)

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

For the years ended December 31	**2018**	2017
Operating Expenses		
Administration costs (Note 11)	**$ 227,157**	$ 153,069
Professional fees (Note 11)	**15,845**	13,815
Public company costs	**14,252**	13,912
Trade shows, travel and promotion	**7,560**	53,243
Net loss from operating expenses	**264,814**	234,039
Depreciation (Note 5)	**3,565**	5,053
Share-based payments (Notes 8 and 11)	**180,000**	1,269
Write-down of exploration and evaluation assets (Note 6)	**826,132**	643,482
Net loss before other items	**(1,274,511)**	(883,843)
Other items		
Gain (Loss) on investments (Note 4)	**(52,894)**	1,280
Investment income	**-**	23
Loss for the year	**(1,327,405)**	(882,540)
Other comprehensive loss		
Unrealized loss on investments	-	(1,954)
Reclassification on sale of investments	-	(1,280)
	-	(3,234)
Comprehensive loss for the year	**$(1,327,405)**	$(885,774)
Loss per share – basic and diluted (Note 10)	**$(0.02)**	$(0.01)
Weighted average number of shares outstanding – basic and diluted (Note 10)	**73,894,386**	73,894,386

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

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN SHARHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian dollars)

	Share Capital		Equity component of convertible debenture	Contributed surplus		Accumulated Other Comprehensive Income (loss)	Deficit	Total
	Shares	Amount		Share-based payments	Warrant reserve			
Balance, December 31, 2016	73,894,386	$16,978,281	$448,116	$534,482	$13,550	$ 32,097	$(17,772,070)	$ 234,456
Share-based payments	-	-	-	1,269	-	-	-	1,269
Other comprehensive loss	-	-	-	-	-	(3,234)	-	(3,234)
Loss for the year	-	-	-	-	-	-	(882,540)	(882,540)
Balance, December 31, 2017	**73,894,386**	**16,978,281**	**448,116**	**535,751**	**13,550**	28,863	**(18,654,610)**	**(650,049)**
Reclassification on adoption of IFRS 9 (note 3(o))	-	-	-	-	-	(28,863)	28,863	-
Share-based payments	-	-	-	180,000	-	-	-	180,000
Loss for the year	-	-	-	-	-	-	(1,327,405)	(1,327,405)
Balance, December 31, 2018	**73,894,386**	**$16,978,281**	**$448,116**	**$715,751**	**$13,550**	**$ -**	**$(19,953,152)**	**$ (1,797,454)**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

For the years ended December 31	**2018**	2017
Cash flows from operating activities		
Loss for the year	**$(1,327,405)**	$(882,540)
Adjustment for:		
Depreciation	**3,565**	5,053
Loss (gain) on sale of investments	**52,894**	(1,280)
Share-based payments	**180,000**	1,269
Write-down of exploration and evaluation assets	**826,132**	643,482
	(264,814)	(234,016)
Changes in non-cash working capital items		
Decrease (increase) in accounts receivable	**416**	(2,205)
Decrease (increase) in prepaids	**8,002**	(3,665)
Increase in accounts payable and accrued liabilities and long-term liabilities	**285,230**	207,852
	28,834	(32,034)
Cash flows from investing activities		
Proceeds from sale of investments	**4,448**	3,620
Proceeds from option agreement	**20,000**	-
BCMETC collected	**10,792**	-
Exploration and evaluation expenditures	**(71,517)**	(4,575)
	(36,277)	(955)
Decrease in cash and cash equivalents	**(7,443)**	(32,989)
Cash and cash equivalents, beginning of year	**13,987**	46,976
Cash and cash equivalents, end of year	**$ 6,544**	$ 13,987

The Company made no cash payments for income taxes or interest.
The Company received cash payments of $nil (2017 - $23) for interest in the year.
See Note 14 Supplemental Cash Flow Information

1. Nature and Continuance of Operations

Omineca Mining and Metals Ltd. (the "Company", "OMM") was incorporated on March 15, 2011, pursuant to the Alberta Business Corporation Act (Alberta), and is extra-provincially registered in the Yukon and British Columbia. The Company is a junior resource company holding properties in British Columbia and the Yukon for the purpose of exploring for, and the development of mineral resources. As the Company has not commenced production on any of its mining properties the Company is an exploration stage company. The ultimate parent company is 49 North Resources Inc., who owns 59.88% of the share capital of the Company and is the ultimate controlling party.

The Company's corporate office and principal place of business is Suite 602, 224-4th Avenue South, Saskatoon, Saskatchewan, Canada.

Management believes the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. These uncertainties cast a substantial doubt regarding the Company's ability to continue as a going concern. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Basis of Preparation

(a) Statement of Compliance
The audited consolidated financial statements for the Company for the years ending December 31, 2018 and 2017 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These audited consolidated financial statements were authorized for issue by the Company's Board of Directors on April 24, 2019.

(b) Basis of Measurement
These audited consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI") which are stated at their fair value. In addition, these audited consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

(c) Use of Estimates and Judgments
The preparation of financial statements in compliance with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Financial results as determined by actual events could differ from these estimates.

The estimates and underlying assumptions are evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

2. Basis of Preparation - continued

Significant accounting estimates

i. The inputs used in accounting for share-based payments in profit or loss.
ii. Amounts of provisions, if any, for environmental rehabilitation and restoration.

Significant accounting judgments

i. The determination of categories of financial assets and financial liabilities.
ii. The assessment of indications of impairment of each exploration and evaluation property and related determination of the recoverable amount and write-down of those properties where applicable.
iii. The assessment of the going concern assumption (see Note 1).
iv. The realization of the deferred income tax asset or liability.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these audited consolidated financial statements. The accounting policies have been applied consistently by the Company and its wholly-owned subsidiary. The audited consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Principles of consolidation
The audited consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, CVG Mining Ltd. (“CVG”). All significant intercompany balances and transactions have been eliminated.

b) Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, bank balances, term deposits and investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at December 31, 2018 and 2017, cash and cash equivalent consisted of cash only.

c) Financial instruments
The Company holds various financial instruments. Unless otherwise indicated, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Financial instruments recognized in the audited consolidated statements of financial position include cash and cash equivalents, accounts receivable, current investments, reclamation bonds, accounts payable and accrued liabilities, long term liabilities and debenture payable.

Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, FVTPL, or FVTOCI. The classification depends on the Company’s business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

3. Significant Accounting Policies - continued

FVTOCI - Investments in equity instruments at FVTOCI are initially recognized 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 income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

Under IFRS 9, the Company classifies its financial instruments as follows:

Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Current investments	FVTPL
Reclamation bonds	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long term liabilities	Amortized cost
Debenture payable	Amortized cost

Measurement

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in the consolidated statement of income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in the consolidated statement of loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized in OCI.

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Impairment

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. Significant Accounting Policies - continued

d) Exploration and evaluation expenditures

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

Exploration and evaluation expenditures
Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into option arrangements, whereby the Company may transfer part of a mineral interest, as consideration, for an agreement by the optionee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount and at the end of each reporting period.

Under IFRS 6 Exploration for and Evaluation of Mineral Resources, one or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment:

i. The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
ii. Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
iii. Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
iv. Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Exploration and evaluation expenditures are classified as intangible assets.

e) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of assets requiring a substantial period of time to get ready for their intended use or sale are capitalized as part of the cost of that asset.

3. Significant Accounting Policies - continued

f) Mineral tax credit
The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and by their nature are subject to measurement uncertainty. Adjustments if any, resulting from such a review are recorded in the period that the tax filings are amended.

g) Option Agreements
Certain of the Company's activities are conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Company has a direct ownership interest in jointly controlled assets and obligations for liabilities. The consolidated financial statements include the Company's interest in the assets, liabilities, revenues, expenses, and cash flows of this type of arrangement.

Joint ventures arise when the Company has rights to the net assets of the arrangement. For these arrangements the Company uses the equity method of accounting and recognizes initial and subsequent investments at cost, adjusting for the Company's share of the joint venture's income or loss, less dividends received thereafter. Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable under the equity method of accounting. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of disposal and its value in use.

Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

h) Property and equipment
Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items. The depreciation method, useful life and residual values are assessed annually.

Depreciation is determined using the declining balance method, using the rates below which approximate the estimated useful life of the asset:

Excavation equipment	30% per annum
Computer equipment	50% per annum
Furniture, fixtures and equipment	20% per annum
Vehicles	30% per annum

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

i) Impairment of non-financial assets
At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in profit or loss for the period.

3. Significant Accounting Policies - continued

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit and loss.

j) Rehabilitation obligations

The Company recognizes the fair value of a legal or constructive liability for a rehabilitation obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for rehabilitation obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

k) Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

l) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options, equity portion of convertible debenture and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity.

Valuation of equity units issued in private placements

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

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

3. Significant Accounting Policies - continued

Flow-through shares

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

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's year is disclosed separately as flow-through share commitments in Note 12, if any.

The Company may also be subject to Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financing expense until qualifying expenditures are incurred.

m) Per share amounts

Basic earnings per common share are computed by dividing the net income for the period by the weighted average number of common shares outstanding for the period. Diluted earnings 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. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to re-purchase common shares of the Company at the average market price during the period.

n) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. The fair value of options to purchase common shares is calculated at the date of the grant using the Black-Scholes option-pricing model. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid. The amount remains in contributed surplus for options when expire unexercised.

3. Significant Accounting Policies - continued

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

o) New accounting pronouncements

The Company has adopted the following accounting standards effective January 1, 2018:

The Company adopted, retrospectively without restatement, all of the requirements of IFRS 9: Financial Instruments ("IFRS 9") as of January 1, 2018. This standard replaces the guidance in IAS 39: Financial Instruments: Recognition and Measurements ("IAS 39"). The adoption of IFRS 9 did not impact the carrying value of any of the Company's financial assets or financial liabilities on the transition date. The impact on the classification and measurement of its financial instruments is set out below.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"), for the classification and measurement of financial liabilities. All financial assets not classified at amortized cost or FVOCI are measured at FVTPL.

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

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and

- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

IFRS 9 introduced a single expected credit loss impairment model for financial assets measured at amortized cost and for debt instruments at FVTOCI, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Company's financial statements.

The requirements of IAS 39 for classification and measurements of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged.

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

(Expressed in Canadian dollars)

3. Significant Accounting Policies - continued

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification (measurement) IAS 39	New classification and measurement IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Accounts receivable	Loans and receivables (amortized cost)	Amortized cost
Current investments	Available for sale	FVTPL
Reclamation bonds	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities, long term liabilities and debenture payable	Other financial liabilities (amortized cost)	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in a reclassification from accumulated other comprehensive income to deficit in the amount of $28,863 on January 1, 2018.

The adoption of the following accounting standards had no significant impact on the consolidated financial statements. These standards are:

IFRS 15 – *Revenue from Contracts with Customers*
IFRIC 22 – *Foreign Currency Transactions and Advance Consideration*
Amendments to IFRS 2 – *Share-based Payments*

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2018 reporting period. The Company is assessing the impact that the new and amended standards will have on its consolidated financial statements. The following is a brief summary of the new standards:

IFRS 16 – Leases
The new standard recognizes most leases for lessees under a single model, eliminating the distinction between operating and finance leases. The application of this standard is effective for annual periods beginning on or after January 1, 2019.

4. Current Investments

The Company holds securities that have been designated as FVTPL as follows:

	December 31, 2018		December 31, 2017	
	Fair Value	**Cost**	Fair Value	Cost
Current:				
Common shares in public companies	**$ 36,575**	**$ 56,597**	$ 65,167	$ 36,304

For securities traded in an active market, fair value is based on the quoted closing bid prices of the securities at December 31, 2018 and 2017. Cost is calculated using the quoted closing bid price on the date of receipt of the securities.

(Expressed in Canadian dollars)

4. Current Investments - continued

The Company received 250,000 shares valued at $28,750 (2017 – nil) during the year, for the Kiwi Project (note 6).

The Company sold securities during the year, receiving proceeds of $4,448 (2017 - $3,620) with resultant losses on sales recorded of $4,009 (2017 - gain of $1,280).

The Company recorded unrealized loss of $48,885 (2017 – $1,954) in the year.

5. Property and Equipment

Cost	Excavation Equipment	Furniture Fixtures & Equipment	Vehicles	Total
Balance at December 31, 2016 2017 and 2018	**$167,434**	**$1,473**	**$17,850**	**$186,757**
Accumulated Depreciation				
Balance at December 31, 2016	$152,149	$1,145	$16,512	$169,806
Depreciation	4,585	64	404	5,053
Balance at December 31, 2017	156,734	1,209	16,916	174,859
Depreciation	3,231	53	281	3,565
Balance at December 31, 2018	**$159,965**	**$1,262**	**$17,197**	**$178,424**
Carrying Value				
At December 31, 2017	$ 10,700	$ 264	$ 934	$ 11,898
At December 31, 2018	**$ 7,469**	**$ 211**	**$ 653**	**$ 8,333**

6. Exploration and Evaluation Assets

The Company has classified its exploration and evaluation properties into two geographical locations, namely British Columbia and the Yukon. The following is a summary of the properties:

	British Columbia			Yukon	
	Abo	Fraser Canyon	Wingdam	Kiwi	Total
December 31, 2016	$1	$10,334	$7,024,239	$ 176,795	$7,211,369
Exploration costs	-	175	9,780	-	9,955
Accretion & interest	-	-	643,482	-	643,482
Write-down of exploration and evaluation assets	-	-	(643,482)	-	(643,482)
December 31, 2017	1	10,509	7,034,019	176,795	7,221,324
Exploration costs	-	43,755	47,901	-	91,656
Accretion & interest	-	-	698,088	-	698,088
Option payments	-	-	-	(48,750)	(48,750)
Write-down of exploration and evaluation assets	-	-	(698,088)	(128,044)	(826,132)
December 31, 2018	**$1**	**$54,264**	**$7,081,920**	**$ 1**	**$7,136,186**

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets - continued

2018	Wingdam	Fraser Canyon	Total
Analytical	$ 6,938	$11,162	$ 18,100
Geophysical	19,968	32,593	52,561
Tenure & permits	20,995	-	20,955
	$ 47,901	**$43,755**	**$ 91,656**

2017	Wingdam	Fraser Canyon	Total
Tenure & permits	$ 9,780	$ 175	$ 9,955
	$ 9,780	$ 175	$ 9,955

As at December 31, 2018, the Company has executed option agreements with third parties on the following projects:

BC Projects

Abo (Harrison) Project

The 2,427 ha property, consisting of 11 claim units, is situated north of Harrison Hot Springs, B.C. One claim, Hot 4, is subject to a 2% NSR.

On November 17, 2011, the Company completed an option agreement whereby Sierra Madre Developments Inc. ("Sierra") can earn a 100% interest in the property by making exploration expenditures of $3,000,000 and completing payments of 1,333,334 post-consolidated shares and $1,000,000 cash over a five year period. The property is subject to a 2% Net Smelter Return Royalty payable to the Company. Sierra has the right to purchase 1% of the Royalty at any time for the sum of $1,000,000 in cash.

On May 21, 2015, the Company and Sierra amended the option agreement agreeing to extend the share payment and expenditure due dates for a period of one year and to reduce the total expenditure requirements to $2,000,000; and by amending the terms of the cash payments such that $400,000 may be made in shares of Sierra and the balance of $500,000 paid in instalments by way of an Advanced Preferred Royalty. In consideration, Sierra agrees to issue an additional 1,500,000 shares.

On February 20, 2017, the Company and Sierra further amended the option agreement on the Abo property changing the definition of "Triggering Event", adding Bear Mountain Gold Mines Ltd. to the agreement as a third party and amending the option payments schedule. As consideration, Sierra agreed to issue an additional 500,000 shares to the Company. Payments are now due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
$ 25,000	-	$ -	On execution date (received)
25,000	66,667	-	December 5, 2011 (received)
50,000	100,000	-	December 5, 2012 (received)
		50,000	December 31, 2017 (not completed)
-	666,666	100,000	December 31, 2018 (not completed)
-	500,000	100,000	December 31, 2019
400,000	2,000,000	1,750,000	December 31, 2020
500,000			Preferred Advance Royalty payments
$ 1,000,000	3,333,333	$ 2,000,000	

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets - continued

Wingdam Project
CVG entered into an option agreement to acquire a 100% interest in certain placer claims and mineral leases (the "Wingdam Project") in the province of British Columbia. As part of the option agreement, CVG paid $2,500,000 and consequently owns 100% of the mineral rights on property, subject to a 1% net smelter royalty payable to the vendor. CVG has the ability to acquire the rights to the net smelter royalties from the vendor at any time for an amount of $1,000,000.

The Wingdam project is currently permitted under a BC Ministry of Natural Resource Operations permit and a BC Ministry of Environment Effluent Discharge permit, and has been under care and maintenance since September 25, 2012. On January 21, 2015 the Company received an amendment to its Wingdam Project Mines Act permit from the BC Ministry Of Energy and Mines.

Fraser Canyon Project
CVG entered into an option agreement to acquire a 100% interest in certain placer claims and mineral leases (the "Fraser Canyon Project") in the province of British Columbia. As part of the option agreement, CVG paid $30,000 and consequently owns 100% of the mineral rights of the property, subject to a 2.5% net smelter royalty payable to the vendor. CVG has the ability to acquire the rights to the net smelter royalties from the vendor at any time for an amount of $250,000.

Yukon Projects
Kiwi Project
On February 15, 2013, the Company and HFX Holding Corp. ("HFX") entered into a letter agreement whereby HFX may earn a 100% interest in the Kiwi Gold Property, located in central Yukon. Under the terms of the agreement, HFX has the option to earn a 100% interest in the property by making $320,000 in cash payments and issuing 800,000 common shares to Omineca over 6 years. Omineca will maintain a 2% Net Smelter Royalty on the claims, which may be reduced to 1% upon payment of $1,000,000. On July 11, 2015, the Company and HFX amended the option agreement agreeing to amend the terms of the cash payments such that in lieu of the $40,000 due July 12, 2015, HFX will issue 100,000 shares due March 1, 2016 (received). On July 11, 2016, the Company and HFX further amended the option agreement agreeing to amend the terms of the cash payments such that in lieu of the $50,000 due July 12, 2016, HFX will issue 100,000 shares due November 14, 2016 (received). On July 11, 2017, the Company and HFX further amended the agreement to change the payment schedule. Payments are due as follows:

Cash Payments	Share Payments	Due Date
$ 30,000	50,000	July 12, 2013 (received)
-	100,000	July 12, 2014 (received)
-	100,000	July 12, 2015 (received)
-	100,000	March 1, 2016 (received)
-	250,000	November 14, 2016 (received)
20,000	250,000	December 31, 2017 (received in the year ended December 31, 2018)
75,000	250,000	July 12, 2018 (not completed)
75,000	-	July 12, 2019
$ 200,000	1,100,000	

During the year ended December 31, 2018, the Company recognized an impairment charge of $128,044 due to the optionee being delinquent in making the option payments.

(Expressed in Canadian dollars)

7. Convertible Debenture

The Company has a convertible debenture with 49 North Resources Inc. The debenture was amended on September 19, 2016 extending the maturity by three years to October 1, 2021 (previously October 1, 2018). Under the Amended Debenture, 49 North can convert the principal amount into common shares of Omineca at a conversion price of $0.20 per common share prior to October 1, 2017; $0.50 per common share on or after October 1, 2017 but prior to October 1, 2018; and $0.75 per common share on or after October 1, 2018 (previously $1.25 after October 1, 2015). The debenture bears interest of 8% per annum, calculated and compounded monthly and is payable upon maturity at October 1, 2021. Accrued interest on the Amended Debenture is also convertible at a conversion price equal to the greater of the minimum price per common share permitted by the TSXV and the prevailing conversion price applicable to the principal amount at the time of conversion.

The change in terms of the debt resulted in less than a 10% change in cash flows, therefore it is considered a modification of the original debt, rather than an extinguishment of the old debt and the recognition of a new debt.

Payments against principal and interest shall be payable in the event ore sales are generated. The Company's wholly owned subsidiary, CVG Mining Ltd., has guaranteed the debenture and grants to 49 North Resources Inc. a fixed and specific first ranking mortgage, assignment and charge in the Wingdam property.

The convertible debenture has been classified into its separate debenture liability and equity portions in the Company's consolidated financial statements by the fair value method using an effective interest of 9.76% when valuing the liability first. This resulted in an initial amount of $5,019,984 being allocated to the liability portion and $303,244 being allocated to the equity portion. The carrying value of the debenture will be accreted up to its face value over the term to maturity.

	As at December 31	
	2018	2017
Original face value of convertible debenture	**$5,400,000**	$5,400,000
Less: equity portion of convertible debenture	**(144,872)**	(144,872)
Add: accretion	**68,100**	68,100
Carrying amount of convertible debenture at amendment date	**5,323,228**	5,323,228
Less: equity portion of amended convertible debenture	**(303,244)**	(303,244)
Add: accretion	**151,388**	82,284
Add: accrued interest	**2,807,146**	2,178,162
	$7,978,518	$7,280,430

	Year ended December 31,	
	2018	2017
Accretion expense	**$ 69,104**	$ 62,702
Accrued interest	**628,984**	580,780
Capitalized to exploration and evaluation assets	**$ 698,088**	$ 643,482

8. Equity Instruments

a) Authorized

Unlimited number of common shares without nominal or par value.

Unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

b) Issued and outstanding

At December 31, 2018, there were 73,894,386 (2017 – 73,894,386) shares issued and outstanding. As at December 31, 2018 no shares were escrowed.

(Expressed in Canadian dollars)

8. Equity Instruments - continued

c) Stock Option Plan

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price and vesting period of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange Inc. policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

As at December 31, 2018 and 2017**,** the Company has the following stock options outstanding:

Total issued and outstanding	Number of Options	Exercise Price per Share Range	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, December 31, 2016	6,790,000	$ 0.10 - $0.20	$ 0.14	3.00 years
Cancelled	(2,250,000)	(0.20)	(0.20)	
Cancelled	(1,970,000)	(0.10)	(0.10)	
Balance, December 31, 2017	2,570,000	0.10 - 0.20	0.13	1.59 years
Granted	4,000,000	0.05	0.05	
Expired	(1,845,000)	(0.10)	(0.10)	
Balance, December 31, 2018	**4,725,000**	**$ 0.05 - $0.20**	**$ 0.07**	**8.32 years**

As at December 31, 2018, the following table summarizes information about stock options outstanding:

Options Outstanding	Exercise Price	Expiry Date	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
725,000	$ 0.20	June 15, 2021	725,000	$ 0.20
4,000,000	$ 0.05	May 15, 2028	4,000,000	0.05
4,725,000			**4,725,000**	**$ 0.07**

(d) Compensation expense for share options

During the year ended December 31, 2018, $180,000 (2017 - $1,269) was recorded as share-based payments for options granted and vested in the year. Share-based payments are determined based on the estimated fair value of the options at the grant dates and amortized over the vesting period.

On May 15, 2018, the board of directors of the Corporation approved the grant of 4,000,000 stock options pursuant to the Option Plan. 2,000,000 of the options were granted to directors and executive officers with the balance granted to employees and consultants. The options are exercisable at $0.05 per share, vest immediately and, if not exercised, expire May 15, 2028, subject to earlier expiration in accordance with the Option Plan and applicable policies of the TSX-V.

The value of options issued on May 15, 2018, using the Black-Scholes option pricing model, was $180,000 ($0.045 per option) which was allocated to the share-based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: share price on grant date of $0.045, risk-free interest rate of 2.35%, expected life of 10 years, annualized volatility 225.13% determined by reference to the Company's historical trading prices, and dividend rate of nil.

(Expressed in Canadian dollars)

8. Equity Instruments - continued

(e) Warrants outstanding

As at December 31, 2018, the Company has the following warrants outstanding:

Total issued and outstanding	Number of Warrants	Exercise Price per Share Range	Weighted Average Remaining Life
Balance, December 31, 2016 and December 31, 2017	4,305,000	$ 0.10	0.21 years
Expired	(1,355,000)	0.10	
Expired	(2,950,000)	0.10	
Balance, December 31, 2018	**-**	**$ -**	**nil years**

All warrants expired unexercised in the reporting period.

9. Income Taxes

As of December 31, 2018 and 2017, the effective tax rate of income tax varies from the statutory rate as follows:

	2018	2017
Statutory tax rates	27.00%	26.00%
Expected income tax recovery at statutory rates	$ (358,399)	$ (229,461)
Permanent differences	55,741	164
Effect of tax rate changes	(7)	(53,078)
Tax benefits not recognized	302,665	282,375
	$ -	$ -

The components of the Company's deferred income tax assets are a result of the origination and reversal of temporary differences and are comprised of the following:

Nature of deferred tax assets (liabilities)	2018	2017
Non-capital losses carried forward	$ 984,000	$ 913,000
Capital losses carried forward	2,000	2,000
Exploration and evaluation assets	224,000	211,000
Property and equipment	54,000	53,000
Debenture payable	59,000	41,000
Decommissioning provision	18,000	18,000
Marketable securities	7,000	-
Share issue costs	2,000	3,000
	1,350,000	1,241,000
Unrecognized deferred tax assets	(1,350,000)	(1,241,000)
	$ -	$ -

As of December 31, 2018, the Company has unrecognized deferred tax liabilities of $194,000 (2017 - $194,000) due to temporary differences arising on the initial recognition of the acquisition of all of the issued and outstanding common shares of CVG.

(Expressed in Canadian dollars)

9. Income Taxes - continued

As of December 31, 2018 and 2017, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools, deductible from future income at rates prescribed by the Canadian Income Tax Act:

	2018	2017
Non-capital losses carried forward	$ 3,645,222	$ 3,379,346
Cumulative Canadian exploration and development expenses	8,093,047	8,001,935
	$ 11,738,269	$ 11,381,281

At December 31, 2018 there are non-capital tax losses of $3,645,222 (2017 - $3,375,812) available for carry-forward to reduce future years' taxable income that will expire as follows:

2029	$ 11,296
2030	653,558
2031	485,759
2032	558,360
2033	406,351
2034	410,915
2035	345,450
2036	269,044
2037	235,079
2038	269,410
	$ 3,645,222

10. Per Share Amounts

The calculation of per share amounts are based on the weighted average number of shares outstanding during the year ended December 31, 2018 of 73,894,386 (2017 – 73,894,386) shares.

The net effect of applying the treasury-stock method to the weighted average number of shares outstanding has an anti-dilutive effect for the years ended December 31, 2018 and 2017.

11. Related Party Transactions

The Company was involved in the following related party transactions during the year:

(a) The Company has a convertible debenture with accrued interest with 49 North Resources Inc. During the year ended December 31, 2018 the Company accrued $628,984 (2017 - $580,780) in interest expense and $69,104 (2017 - $62,702) in accretion expense. These amounts have been capitalized as part of exploration and evaluation assets.

(b) The Company was related to Eagle Plains Resources Ltd. ("EPL") and Terralogic Exploration Inc. ("TL") through common directors. During the year, the Company had the following transactions with the related companies:

	2018	2017
Administrative services provided by EPL and TL	**$ -**	$ 9,833
Investor relations services provided by EPL	**$ -**	$ 9,400
Exploration services provided by TL	**$ -**	$ 211

At December 31, 2018, $150,357 (2017 - $149,123) is included in accounts payable and accrued liabilities.

(Expressed in Canadian dollars)

11. Related Party Transactions - continued

(c) Included in share capital and professional fees is an aggregate $nil (2017 - $nil) paid or accrued for legal fees to a law firm of which one of the former directors, Darren Fach, is a partner. At December 31, 2018, $5,610 (2017 - $5,610) is included in accounts payable and accrued liabilities.

Compensation to key management personnel in the year and prior year:

	2018	2017
Professional fees	$ -	$ 7,000
Consulting and management fees	120,000	107,717
Share-based payments	90,000	-
	$ 210,000	$ 114,717

(d) Included in professional fees is $nil (2017 - $7,000) paid or accrued for accounting services to a former officer of the Company. At December 31, 2018, $40,701 (2017 - $40,701) is included in accounts payable and accrued liabilities.

(e) Included in administration costs is $nil (2017 - $10,000) paid or accrued for management services to a company owned by a former director and former officer of the Company. At December 31, 2018, $57,750 (2017 - $57,750) is included in accounts payable and accrued liabilities.

(f) Included in administration costs is $nil (2017 - $27,717) paid or accrued for consulting fees to a former director and former officer of the Company. At December 31, 2018, $25,166 (2017 - $25,166) is included in accounts payable and accrued liabilities.

(g) Included in exploration and evaluation assets is $nil (2017 - $nil) paid or accrued for consulting fees to a former director of the Company. These amounts were related to the Wingdam project and have been capitalized as part of exploration and evaluation assets. At December 31, 2018, $6,787 (2017 - $6,787) is included in accounts payable and accrued liabilities.

(h) Included in administration costs is $nil (2017 - $nil) paid or accrued for consulting fees to a company with a common parent company. At December 31, 2018, $178,346 (2017 - $24,100) is included in accounts payable and accrued liabilities.

(i) Included in administration costs is $60,000 (2017 - $35,000) paid or accrued for consulting fees to a company controlled by a director and officer of the Company. At December 31, 2018, $74,750 (2017 - $36,750) is included in accounts payable and accrued liabilities.

(j) Included in administration costs is $60,000 (2017 - $35,000) paid or accrued for consulting fees to a company controlled by a director and officer of the Company. At December 31, 2017, $84,750 (2017 - $36,750) is included in accounts payable and accrued liabilities.

(k) The Company granted 2,000,000 (2017 – nil) options in the year to directors and officers of the Company and recorded share-based payments of $90,000 (2017 – $nil). The options are exercisable at $0.05 and expire May 15, 2028.

(l) During the year ended December 31, 2017 the Company received short term loans from directors and a former officer totaling $10,000. The loans are non-interest bearing, unsecured, and has no specific terms of repayment. As at December 31, 2018 the total director loans payable outstanding was $10,000 and is included in accounts payable and accrued liabilities.

All related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties.

(Expressed in Canadian dollars)

12. Commitments and Contingencies

The Company has $65,000 (2017 - $65,000) held as project reclamation deposits in favor of regulatory authorities. The amount of the deposit is determined at the time the exploration program is planned and a notice of work is submitted to the regulatory authority. If the work is more extensive than previously planned, the amount of the deposit will be increased. When reclamation work is completed on a project to the satisfaction of the regulatory authority, the deposit is released to the Company.

The Company has agreed to indemnify directors and officers under the bylaws of the Company to the extent permitted by law. The nature of the indemnifications prevent the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiaries of such an indemnification agreement. The Company has purchased various insurance policies to reduce the risks association with such indemnification.

13. Financial Instruments

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

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

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

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

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 6,544	$ -	$ -	$ 6,544
Investments	$ 36,575	$ -	$ -	$ 36,575

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 13,987	$ -	$ -	$ 13,987
Investments	$ 65,167	$ -	$ -	$ 65,167

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to concentration risk, credit risk, currency risk, price risk, commodity price risk and liquidity risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

13. Financial Instruments - continued

a) Concentration risk
At December 31, 2018, all of the Company's cash and cash equivalents were held at two recognized Canadian national financial institutions. As a result, the Company was exposed to all of the risks associated with those institutions. Concentration risk also exists in marketable securities (investments) because the Company's investments are primarily in shares of junior resource companies involved in gold exploration.

b) Credit risk
The Company is exposed to credit risk, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness. The maximum credit exposure associated with accounts receivable is the carrying value.

c) Currency risk
Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at December 31, 2018, the Company has no monetary assets or liabilities in foreign currencies.

d) Price risk
The Company's investments designated as FVTPL and are traded on the TSX Venture Exchange. A 1% change in the quoted share price would change the fair value of the investments by approximately $360. The change would be recorded in profit or Loss.

e) Commodity price risk
The value of the Company's exploration and evaluation resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

f) Liquidity risk
Currently the Company's capital is not sufficient to meet long term business requirements when taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. Future operations or exploration programs will require additional financing primarily through equity markets, or through joint venture partnerships.

14. Supplemental Cash Flow Information

Non-cash investing activities:

Included in exploration and evaluation assets is $187,010 (2017 - $166,871) in accounts payable and accrued liabilities.

Pursuant to certain mineral property option agreements, the Company received 250,000 (2017 – nil) shares with an attributed value of $28,750 (2017 - $nil).

15. Capital Management

The Company includes cash and cash equivalents and equity, comprising of issued common shares, equity component of convertible debenture, contributed surplus, and deficit, in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation properties. 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.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2018 and 2017. The Company is not subject to externally imposed capital requirements.

16. Subsequent events

Subsequent to the year-end, the Company entered into a Letter of Agreement whereby an arm's length private company (the "Partner") will earn a 50% interest in the Wingdam Project in exchange for incurring 100% of the preparatory costs required to commence an initial 300 meter bulk sample at the property. The Company and the Partner will enter into a definitive joint venture agreement in due course, which will be subject to regulatory acceptance.

On April 17, 2019, the Company closed a private placement for gross proceeds of $550,000. The private placement consisted of 11,000,000 non-flow through units. Each non-flow through unit consisted on one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $0.10 per common share for a period of two years, expiring on April 17, 2021.