

BANKERS COBALT CORP.
CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2018 and 2017
(Expressed in United States Dollars, unless otherwise noted)



Independent auditor's report

To the Shareholders of Bankers Cobalt Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Bankers Cobalt Corp. and its subsidiaries (together, the Entity) 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 (IFRS).

What we have audited

The Entity'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 shareholders' 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 International Standards on Auditing. 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 Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 International Standards on Auditing 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 International Standards on Auditing, 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 Entity'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 Entity'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 Entity 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 Entity 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 Dean Larocque.

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 25, 2019

Bankers Cobalt Corp.
Consolidated Statements of Financial Position
(Expressed in United States dollars unless otherwise noted)

	Notes	December 31, 2018	December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents		\$ 39,522	\$ 4,292,841
Accounts receivable		7,511	58,943
Prepaid expenses and deposits	4	18,339	313,008
		65,372	4,664,792
Non-current assets			
Property, plant and equipment	5	92,107	201,380
Exploration and evaluation assets	6	3,038,958	6,698,577
TOTAL ASSETS		\$ 3,196,437	\$ 11,564,749
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	\$ 1,968,696	\$ 1,050,069
Loan from related party	8	94,950	-
TOTAL LIABILITIES		2,063,646	1,050,069
SHAREHOLDERS' EQUITY			
Share capital	9	15,577,423	13,949,951
Reserves	9	6,456,867	6,230,469
Accumulated other comprehensive income (loss)		(8,061)	100,499
Deficit		(20,893,438)	(9,766,239)
SHAREHOLDERS' EQUITY		1,132,791	10,514,680
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 3,196,437	\$ 11,564,749

Nature of Operations and going concern (Note 1)
Subsequent events (Note15)

On behalf of the Board of Directors:

"Stephen Barley" Director

"Cesare Fazari" Director

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

Bankers Cobalt Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States dollars unless otherwise noted)

	Notes	Year ended December 31, 2018	Year ended December 31, 2017
Expenses			
Filing fees		\$ 90,210	\$ 61,125
Investor relations		322,625	354,209
Management and consulting fees	10	955,875	433,635
Office and sundry		45,984	24,034
Professional fees	10	253,332	338,608
Project generation		10,656	43,888
Rent		2,894	4,620
Share-based payments	9,10	164,625	3,149,284
Travel and accommodation		273,548	65,828
Total expenses		(2,119,749)	(4,475,231)
Other income (expense)			
Interest expense		(12,319)	-
Impairment of exploration and evaluation assets	6	(8,990,659)	-
Listing (expense) / recovery	14	16,504	(5,278,296)
Write off of GST receivable		(41,139)	-
Gain on settlement of debt	9	31,595	-
Foreign exchange gain (loss)		(11,432)	4,558
Net loss		(11,127,199)	(9,748,969)
Other comprehensive income (loss)			
Exchange difference on translation		(108,560)	100,377
Total comprehensive loss		\$ (11,235,759)	\$ (9,648,592)
Basic and diluted loss per share		\$ (0.11)	\$ (0.27)
Weighted average number of common shares outstanding		101,439,830	35,685,910

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

Bankers Cobalt Corp.

Consolidated Statement of Changes in Shareholders' Equity

(Expressed in United States dollars unless otherwise noted)

	Notes	Share Capital		Subscriptions received	Reserves	Accumulated other comprehensive income	Deficit	Total
		Number of shares	Amount					
Balance at December 31, 2016		1	\$ -	\$ 264,393	\$ -	\$ 122	\$ (17,270)	\$ 247,245
Private placements	9	56,137,327	6,468,510	(264,393)	2,021,626	-	-	8,225,743
Share issuance costs	9	-	(523,622)	-	70,116	-	-	(453,506)
Common shares issued for property	9	25,000,000	3,533,609	-	-	-	-	3,533,609
Common shares - finders fees	9	1,000,000	337,275	-	-	-	-	337,275
Common shares for exercise of options	9	350,000	62,623	-	-	-	-	62,623
Transfer to share capital on exercise of stock options	9	-	62,430	-	(62,430)	-	-	-
Common shares for exercise of warrants	9	2,930,000	340,826	-	-	-	-	340,826
Transfer to share capital on exercise of warrants	9	-	795,545	-	(795,545)	-	-	-
Reverse takeover transaction	9	8,517,551	2,872,755	-	1,847,418	-	-	4,720,173
Return to treasury		(1)	-	-	-	-	-	-
Exchange difference on translation		-	-	-	-	100,377	-	100,377
Share-based payments	9	-	-	-	3,149,284	-	-	3,149,284
Net loss for the year		-	-	-	-	-	(9,748,969)	(9,748,969)
Balance at December 31, 2017		93,934,878	\$ 13,949,951	\$ -	\$ 6,230,469	\$ 100,499	\$ (9,766,239)	\$ 10,514,680
Private placements	9	11,580,303	1,145,340	-	145,690	-	-	1,291,030
Share issuance costs	9	-	(48,174)	-	(6,020)	-	-	(54,194)
Shares for debt	9	2,729,164	71,396	-	-	-	-	71,396
Shares for loan	9	371,000	15,410	-	-	-	-	15,410
Bonus shares	9	850,000	302,431	-	-	-	-	302,431
Common shares for exercise of options	9	100,000	18,332	-	-	-	-	18,332
Transfer to share capital on exercise of stock options		-	54,372	-	(54,372)	-	-	-
Common shares for exercise of warrants	9	327,467	45,741	-	-	-	-	45,741
Transfer to share capital on exercise of warrants		-	22,624	-	(22,624)	-	-	-
Exchange difference on translation		-	-	-	-	(108,560)	-	(108,560)
Share-based payments	9	-	-	-	163,724	-	-	163,724
Net loss for the year		-	-	-	-	-	(11,127,199)	(11,127,199)
Balance at December 31, 2018		109,892,812	\$ 15,577,423	\$ -	\$ 6,456,867	\$ (8,061)	\$ (20,893,438)	\$ 1,132,791

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

Bankers Cobalt Corp.
Consolidated Statement of Cash Flows
(Expressed in United States dollars unless otherwise noted)

	Year ended December 31, 2018	Year ended December 31, 2017
Operating activities		
Net loss	\$ (11,127,199)	\$ (9,748,969)
Items not affecting cash		
Share-based payments	164,625	3,149,284
Interest accrued on loan	12,657	-
Impairment of exploration and evaluation assets	8,990,659	-
Gain on settlement of debt	(31,595)	-
Write off of GST receivable	41,139	-
Listing expense (recovery)	(16,504)	5,278,296
Bonus shares	302,431	-
Foreign exchange	(137,588)	-
Changes in non-cash working capital items:		
Accounts receivable	9,636	(48,695)
Prepaid expenses and deposits	316,693	(223,809)
Trade payables and accrued liabilities	457,130	471,816
Net cash outflow from operating activities	(1,017,916)	(1,122,077)
Investing activities		
Property, plant and equipment purchased	(114,418)	(228,637)
Proceeds on disposal of assets	129,140	-
Reverse takeover transaction	-	1,321
Exploration and evaluation assets	(4,653,953)	(2,595,819)
Net cash outflow from investing activities	(4,639,231)	(2,823,135)
Financing activities		
Issuance of common shares	1,300,533	8,175,685
Loan from related party	100,000	(54,368)
Net cash inflow from financing activities	1,400,533	8,121,317
Currency impact on cash	3,295	100,378
Increase (decrease) in cash and cash equivalents	(4,253,319)	4,276,483
Cash and cash equivalents, beginning of the year	4,292,841	16,358
Cash, and cash equivalents, end of the year	\$ 39,522	\$ 4,292,841

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

1. Nature of Operations and Going Concern

On March 27, 2007, Bankers Cobalt Corp. (formerly Nomad Ventures Inc.) (“the Company” or “Bankers”), was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia). The Company’s registered office is located at 2900 – 550 Burrard Street, Vancouver, BC V6C 0A3. The Company commenced trading on the TSX Venture Exchange (“TSX-V”) under the symbol NMD.V on February 17, 2010. On October 11, 2017, the Company changed its name to Bankers Cobalt Corp. and commenced trading on the TSX-V under the symbol BANC effective October 12, 2017.

On October 20, 2017, the Company acquired Katanga Cobalt Corp. (“Katanga”) pursuant to the terms of a previously executed amalgamation agreement between Bankers, Katanga and a subsidiary of Bankers (“Subco”), under which Subco amalgamated with Katanga. For accounting purposes this was considered a reverse takeover whereby Katanga was identified as the acquirer of Bankers (Note 14).

The Company’s principal activity is the acquisition and exploration of mineral properties.

These consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.,

As at December 31, 2018, the Company had not yet achieved profitable operations. During the year ended December 31, 2018, the Company incurred a net loss of \$11,127,199 (2017 - \$9,748,969), a cash outflow from operating activities of \$1,017,916 (2017 - \$1,122,077) and, as of December 31, 2018, the Company had a working capital (current assets less current liabilities) deficiency of \$1,998,274 (2017 – surplus \$3,614,723). The Company had a cumulative deficit of \$20,893,438 (2017 - \$9,766,239).

The Company’s continuing existence and its ability to discharge its liabilities and fulfill its commitments as they come due is dependent upon the ability of the Company to obtain equity and/or debt financing and the successful discovery of mineral resources that the Company can profitably commercialize. Management plans to continue exploring the Company’s mineral concessions in order to achieve a commercial discovery that will generate sustainable, long term profitability and obtain additional financing, if needed. While the Company has been successful at securing financing in the past, there can be no assurance that it will be able to do so in the future. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amount and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. Summary of Significant Accounting Policies and Basis of Preparation

These consolidated financial statements were authorized for issue by the directors of the Company on April 25, 2019.

Statement of compliance with International Financial Reporting Standards

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

Basis of preparation

These consolidated financial statements of the Company have been prepared on a historical cost basis. These consolidated financial statements are presented in United States dollars unless otherwise specified.

Basis of consolidation

The consolidated financial statements of the Company include the accounts of its wholly owned subsidiaries, Bankers Cobalt Mining SASU located in the Democratic Republic of Congo (“DRC”), Bankers Cobalt Mining (Namibia) (Proprietary) Limited located in Namibia and Bankers Cobalt Acquisition Corp. located in Canada.

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)
Basis of consolidation (continued)

All significant intercompany transactions and balances are eliminated on consolidation.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during this year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Going concern (Note 1)

Management has determined that the Company will continue as a going concern for the next year.

ii) Economic recoverability and probability of future benefits of the advances for exploration and evaluation costs.

During the year ended December 31, 2018, Management determined that certain concessions were unlikely to provide future economic benefits and therefore decided not to pursue further work on these properties. As a result, an amount of \$8,990,659 was recorded in the consolidated statement of loss and comprehensive loss for the impairment of exploration and evaluation assets.

Foreign currency translation

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The Company has a functional currency of Canadian dollars. The Company's subsidiaries have a functional currency of United States dollars. As the main operating activities and investing activities are carried out through the subsidiaries in United States dollars, these consolidated financial statements are presented in United States dollars.

Transactions and balances

Transactions in foreign currencies are initially recorded into the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Nonmonetary assets and liabilities are translated at historical exchange rates, unless the item is carried at fair value, in which case it will be translated at the exchange rate in effect at the date when the fair value was determined. Resulting foreign exchange gains and losses are recognized in the statement of operations except for those of Bankers Cobalt Corp. which are recognized as cumulative translation adjustment on the statement of financial position.

Exploration and evaluation assets

Exploration and evaluation expenditures relating to mineral properties include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the acquisition cost of the exploration and evaluation assets acquired.

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)

Exploration and evaluation assets (continued)

Pre-exploration costs

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

Acquisition costs

The fair value of all consideration paid to acquire an unproven mineral interest is capitalized, including amounts due under option agreements. Consideration may include cash, loans or other financial liabilities, and equity instruments, including common shares and share purchase warrants.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling and mobilization costs, payments made to contractors and depreciation on plant and equipment used during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative costs, are expensed in the year in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation assets in respect of that project are deemed to be impaired. As a result, those exploration and evaluation assets, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss.

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.

Mines under construction – development costs

If an unproven mineral interest is determined to be economically feasible, then costs incurred to develop the mineral interest, including additional exploration and evaluation costs relating to the mineral interest, are capitalized. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

Depletion

If a mineral interest is put into commercial production, any related capitalized costs will be depleted using the units-of-production method.

Option agreements

The Company may acquire or dispose of all, or a portion of, an exploration and evaluation asset under an option agreement. Option agreements typically call for the payment of cash, issue of shares and/or incurrence of exploration and evaluation costs over a period of time, at the discretion of the optionee. The Company recognizes amounts payable under an option agreement when the amount is due and when the Company has no contractual rights to avoid making the payment. The Company recognizes amounts receivable under an option agreement only when the optionee has irrevocably committed to the transfer of economic resources to the Company, which often occurs only when the amount is received. Amounts received under option agreements reduce the capitalized costs of the optioned unproven mineral interest to nil and are then recognized as income.

Uncertainty of legal title

There may be material uncertainties associated with the Company's ownership of its exploration and evaluation assets. Although the Company has taken prudent steps to verify title to the properties in which it has an interest, including legal opinions from external counsel in the Democratic Republic of the Congo, Africa ("DRC"), in accordance with industry standards for properties in the exploration stage, these

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)

Exploration and evaluation assets (continued)

procedures do not guarantee the Company's title. In the DRC, property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Depreciation and amortization are calculated to write off the cost of the assets to their residual values over their estimated useful lives using the following rates and methods:

<u>Class of property, plant and equipment</u>	<u>Depreciation rate and method</u>
Vehicles	2 years straight-line
Furniture and Fixtures	30% declining balance
Computer Equipment	30% declining balance

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. The Company records proceeds from the exercise of stock options and warrants as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for nonmonetary consideration is recorded at an amount based on fair market value. The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, wherein, the fair value of the common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black-Scholes option pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Vesting is determined by the Board of Directors.

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilize a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)

Financial instruments (continued)

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 income (loss) ("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 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. 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 if the Company has opted to measure them at FVTPL.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on January 1, 2018.

Measurement

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.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive 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 statements of comprehensive loss in the period in which they arise.

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 the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive 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.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Impairment of assets

The carrying amount of the Company's non-current assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)

Impairment of assets (continued)

whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash includes cash on hand, and deposits with a maturity of less than 3 months at inception held with banks.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred tax is accounted for using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for temporary differences related to the initial recognition of the assets or liabilities that affect neither accounting nor taxable profit nor investments in subsidiaries, associates and interests in joint ventures to the extent it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner and expected date of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilized.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercise were used to acquire common shares at the average market price during the reporting period.

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)

Restoration and environmental obligations

The Company recognizes liabilities for legal and constructive obligations associated with the retirement of mineral properties. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in the regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

The Company did not have significant restoration provisions at December 31, 2018.

3. Future Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

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

4. Prepaid Expenses and Deposits

	December 31, 2018	December 31, 2017
Prepaid marketing consulting fees	\$ -	\$ 190,315
Expense advances to officers and to a company controlled by an officer	-	48,887
Prepaid rent and accommodation	-	29,521
Prepaid insurance	-	14,285
Advances to staff	16,461	-
Prepaid listing fees	1,878	-
Deposit on land	-	30,000
	\$ 18,339	\$ 313,008

5. Property, Plant and Equipment

	Vehicles	Field Equipment	Furniture and Equipment	Computer Equipment	Computer Software	Total
Cost						
Balance December 31, 2017	\$ 217,746	\$ -	\$ 4,700	\$ 6,191	\$ -	\$ 228,637
Additions	18,750	59,145	9,595	8,380	18,548	114,418
Disposal	(211,246)	-	-	-	-	(211,246)
Balance December 31, 2018	\$ 25,250	\$ 59,145	\$ 14,295	\$ 14,571	\$ 18,548	\$ 131,809
Accumulated amortization						
Balance December 31, 2017	\$ 26,600	\$ -	\$ 337	\$ 320	\$ -	\$ 27,257
Additions	101,866	14,971	3,873	4,059	3,246	128,015
Disposal	(115,570)	-	-	-	-	(115,570)
Balance December 31, 2018	\$ 12,896	\$ 14,971	\$ 4,210	\$ 4,379	\$ 3,246	\$ 39,702
Net book value						
Balance December 31, 2017	\$ 191,146	\$ -	\$ 4,363	\$ 5,871	\$ -	\$ 201,380
Balance December 31, 2018	\$ 12,354	\$ 44,174	\$ 10,085	\$ 10,192	\$ 15,302	\$ 92,107

6. Exploration and Evaluation Assets

Democratic Republic of Congo

On June 5, 2017, the Company entered into an agreement with Lockwood Financial Ltd. and Katanga Trust Mining Sarl to acquire certain interests in seven (7) mineral concessions in the Democratic Republic of the Congo, Africa as follows:

100% of ZEA 292-COMIMA	65% of PR13370 (Kimpe 1)
100% of ZEA 292-COMIPAD	65% of PR13371 (Kimpe 2)
100% of Nkwali-ZRG 00121	65% of PR13372 (Kimpe)
100% of Karajipopo1	

In exchange, the Company issued 16,000,000 common shares to various third parties, assumed \$200,000 of debt and paid \$896,678. Total consideration was \$2,152,823.

The assignor retains a 2% NSR interest. The Company has the option to purchase 1% of the NSR by payment of the sum of \$1,000,000 per concession at any time.

During the year ended December 31, 2018, Management determined that the Kimpe concessions were unlikely to provide future economic benefits and therefore decided not to pursue further work on these properties. As a result, an impairment of \$2,422,342, representing total costs incurred, was recorded on these concessions in the current year.

On June 13, 2017, the Company entered into a definitive assignment agreement to acquire 100% of the interests, rights and obligations of a further six (6) mining concessions in the Democratic Republic of the Congo, Africa as follows: PR13723, PR13724, PR13725, PR13726, PR13727, and PR13781 (the "King Luba" Concessions). In exchange, the Company issued 2,000,000 common shares and paid \$30,000. Total consideration was \$164,461.

On October 5, 2017, the Company entered into a definitive assignment agreement to acquire 55% of the interest, rights and obligations of mining concession PE9468 in the Democratic Republic of the Congo, Africa.

6. Exploration and Evaluation Assets (continued)

Democratic Republic of Congo (continued)

During the year ended December 31, 2018, Management determined that the Kabolela concessions were unlikely to provide future economic benefits and therefore decided not to pursue further work on these properties. As a result, an impairment of \$4,597,240, representing total costs incurred, was recorded on these concessions in the current year.

In January 2018, the Company entered into an agreement with a company controlled by an officer of one of the Company's subsidiaries whereby the Company would pay \$250,000 upon the Company completing the acquisition of interests in not less than 20 concessions in the DRC and an additional \$250,000 upon the Company completing the acquisition of interests in not less than 25 cumulative concessions in the DRC. These costs were included in the acquisition costs of the concessions acquired.

In January 2018, the Company entered into an agreement to earn up to a 70% interest in six additional concessions in the southern Democratic Republic of Congo Copperbelt as follows: PR13414, PR13430, PR13433, PR13441, PR13444, and PR13445. The Company was required to make monthly payments of \$5,000 per concession (total \$30,000 per month) plus \$700,000 per concession after a definite feasibility study has been delivered (total \$4,200,000). Effective July 2018, the monthly payments of \$30,000 were waived by the optionor.

During the year ended December 31, 2018, Management determined that these six concessions were either unlikely to provide future economic benefits or as a cost saving measure and therefore decided not to pursue further work on these properties. As a result, an impairment of \$896,733, representing total costs incurred, was recorded on these concessions in the current year.

In February 2018, the Company entered into an agreement to earn up to a 70% interest in six additional concessions in the southern Democratic Republic of Congo Copperbelt as follows: PR13416, PR13421, PR13422, PR13423, PR13425 and PR13442. The Company was required to make monthly payments of \$5,000 per concession (total \$30,000 per month) plus \$700,000 per concession after a definite feasibility study has been delivered (total \$4,200,000). Effective July 2018, the monthly payments of \$30,000 were waived by the optionor.

During the year ended December 31, 2018, Management determined that these six concessions were either unlikely to provide future economic benefits or as a cost saving measure and therefore decided not to pursue further work on these properties. As a result, an impairment of \$508,262, representing total costs incurred, was recorded on these concessions in the current year.

In August 2018, the Company paid \$316,312 (CAD \$415,140) for an option to acquire up to an 80% interest in three more Permits 13394, 13395 and 13396 in the DRC. In connection with the agreement, the Company was required to pay the registered holder of the permits the sum of \$15,000 upon signing of the option agreement (paid), an additional amount of \$15,000 within 30 days of the option agreement (not paid) and \$15,000 per month commencing December 1, 2018 and continuing until the option has been exercised or terminated. Effective July 2018, the monthly payments of \$15,000 were waived by the optionor.

The Company was able to exercise the option up until July 31, 2019, by establishing a joint venture with the registered holder of the permits and paying \$10,000 per percentage point to the registered holder to acquire an equity ownership in the joint venture up to a maximum of 80% (or \$800,0000). Effective July 2018, the monthly payments of \$15,000 were waived by the optionor. Effective November 30, 2018, the Company terminated the option as part of a cost saving process and recorded an impairment of \$477,880 in the consolidated statement of loss and comprehensive loss for the current year.

During the year ended December 31, 2018, Management determined that these three permits were either unlikely to provide future economic benefits or as a cost saving measure and therefore decided not to

6. Exploration and Evaluation Assets (continued)

Democratic Republic of Congo (continued)

pursue further work on these properties. As a result, an impairment of \$477,880, representing total costs incurred, was recorded on these permits in the current year.

In addition, the Company recorded an impairment of \$88,202 on other properties that were previously under evaluation.

Namibia

In July 2018, the Company entered into an option agreement with a private Namibian company to acquire a 70% interest in a prospective base metals, precious metals and industrial metals permit located in the Republic of Namibia for \$9,000. Namibia is situated north of South Africa and south of Zambia. The option is for a period of one year and may be extended by an additional year for a payment of \$8,461. There are no defined expenditure requirements and the option may be extended or converted into a 70/30 corporate joint venture within the two-year option timeline.

Exploration and evaluation expenditures for the year ended December 31, 2018 are as follows:

	Democratic Republic of the Congo					Namibia	Total
	Kabolela	292 Comipad and Comina	2809 Karajipopo	121 Nkwali	King Luba	Other	
<u>Acquisition costs:</u>							
Balance at December 31, 2017	\$ 2,717,886	\$ 615,092	\$ 307,546	\$ 307,546	\$ 164,461	\$ 922,639	\$ - \$ 5,035,170
Acquisition costs for the year	-	10,100	-	-	-	816,212	31,275 857,587
Balance, December 31, 2018	\$ 2,717,886	\$ 625,192	\$ 307,546	\$ 307,546	\$ 164,461	\$ 1,738,851	\$ 31,275 \$ 5,892,757
<u>Exploration costs:</u>							
Balance at December 31, 2017	\$ 440,627	\$ 180,759	\$ 37,981	\$ -	\$ 15,295	\$ 932,978	\$ - \$ 1,607,640
Assays	71,374	99,840	-	23,782	-	53,465	- 248,461
Camp	63,331	30,073	-	1,787	-	77,536	- 172,727
Community relations	-	20,341	-	23	-	1,637	- 22,001
Consultants	56,869	46,068	-	-	7,583	-	14,000 124,520
Depreciation	47,199	33,200	-	5,680	-	41,186	- 127,265
Drilling	466,129	5,594	-	3	-	192,518	- 664,244
Equipment	84,658	167,264	-	-	-	151,531	- 403,453
Field costs	16,226	7,667	-	1,283	-	17,688	- 42,864
Geology	35,314	18,210	(1)	830	2,662	136,969	4,814 198,798
Labour	-	61,311	-	3	-	30,858	- 92,172
Permit and fees	10,805	7,720	-	65	-	67,681	- 86,271
Office	516,665	458,818	(86)	85,695	12,239	637,795	3,758 1,714,884
Site Preparation	60,062	4,111	-	10	-	510	- 64,693
Travel and accommodation	11,193	1,388	-	71	-	311,345	5,152 329,149
Vehicles	4,340	3,832	-	-	-	18,358	857 27,387
Expenditures during the year	1,444,165	965,437	(87)	119,232	22,484	1,739,077	28,581 4,318,889
Balance, December 31, 2018	1,884,792	1,146,196	37,894	119,232	37,779	2,672,055	28,581 5,926,529
Value-added tax credit	-	-	-	-	-	-	- 274,703
Gain on disposal of asset	(5,438)	(9,923)	(54)	-	(562)	(17,487)	- (33,464)
Impairment on properties	(4,597,240)	-	-	-	-	(4,393,419)	- (8,990,659)
Currency translation adjustment	-	-	-	-	-	-	- (30,908)
Total, December 31, 2018	\$ -	\$1,761,465	\$ 345,386	\$ 426,778	\$ 201,678	\$ -	\$ 59,856 \$ 3,038,958

6. Exploration and Evaluation Assets (continued)

Exploration and evaluation expenditures for the year ended December 31, 2017 are as follows:

	Democratic Republic of the Congo						Total
	Kabolela	292 Comipad and Comina	2809 Karajipopo	121 Nkwali	King Luba	Other	
<u>Acquisition costs:</u>							
Balance at December 31, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition costs for the year	2,717,886	615,092	307,546	307,546	164,461	922,639	5,035,170
Balance, December 31, 2017	\$ 2,717,886	\$ 615,092	\$ 307,546	\$ 307,546	\$ 164,461	\$ 922,639	\$ 5,035,170
<u>Exploration costs:</u>							
Balance at December 31, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assays	9	1,750	-	-	-	1,616	3,375
Camp	16,166	-	-	-	-	48,498	64,664
Consultants	50,270	8,946	1,505	-	-	77,078	137,799
Drilling	121,464	-	-	-	-	45,214	166,678
Equipment	550	-	17,500	-	-	27,574	45,624
Field costs	26,826	1,193	-	-	-	15,269	43,288
Geology	48,372	95,480	-	-	-	79,872	223,724
Labour	57,617	-	-	-	-	82,212	139,829
Legal	-	8,791	4,396	-	-	13,186	26,373
Permit and fees	-	52	-	-	12,000	187,324	199,376
Road development	-	12,400	-	-	-	10,000	22,400
Office	73,833	35,434	9,506	-	3,295	165,806	287,874
Travel and accommodation	33,590	16,531	5,074	-	-	172,160	227,355
Vehicles	11,930	182	-	-	-	7,169	19,281
Expenditures during the year	440,627	180,759	37,981	-	15,295	932,978	1,607,640
Value-added tax credit							55,767
Balance, December 31, 2017	\$ 440,627	\$ 180,759	\$ 37,981	\$ -	\$ 15,295	\$ 932,978	\$ 1,663,407
Total, December 31, 2017	\$ 3,158,513	\$ 795,851	\$ 345,527	\$ 307,546	\$ 179,756	\$ 1,855,617	\$ 6,698,577

7. Trade Payables and Accrued Liabilities

	December 31, 2018	December 31, 2017
Trade payables	\$ 1,166,485	\$ 1,001,993
Accrued and other liabilities	802,211	48,076
	\$ 1,968,696	\$ 1,050,069

Included in trade payables and accrued liabilities at December 31, 2018 is \$184,862 (December 31, 2017 - \$24,112) due to related parties. Amounts due to related parties are non-interest bearing, unsecured and due on demand.

8. Loan from Related Party

On August 7, 2018, the Company entered into a loan agreement with a director of the Company for the amount of \$100,000. The loan is unsecured and bears interest at 10%. The principal value plus accrued interest is payable on August 7, 2019. As additional consideration for the loan, the Company issued 371,000 common shares of the Company. The loan was initially recorded at face value of \$100,000 less the fair value of the shares of \$27,064 for a net amount of \$72,936. The fair value of the shares is being accreted over the loan term and recorded as interest expense. The amortized cost of the loan at December 31, 2018, including accrued interest, is \$94,950. (Notes 9 & 10)

9. Share Capital and Reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At December 31, 2018, there were 109,892,812 (December 31, 2017 – 93,934,878) issued and fully paid common shares.

Shares issued during the year ended December 31, 2018

On January 25, 2018, the Company completed a non-brokered private placement, issuing 663,636 units at a price of CAD \$0.55 per unit, for gross proceeds of CAD \$365,000 (USD \$296,194). Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at a price of CAD \$0.70 for a period of three years from the date of issue. The fair value of the warrants of \$123,080 was determined using the Black-Scholes pricing model with a risk-free rate of 1.91%, a volatility factor of 108.39%, dividends of nil, and an expected life of the warrants of three years. Share issuance costs of \$13,024 were incurred in connection with the private placement.

On February 15, 2018, 850,000 bonus shares were issued to companies controlled by officers of the Company in connection with consulting agreements. The shares had a fair value of CAD \$378,250 (USD \$302,431). Share issuance costs of \$2,238 were incurred in connection with the share issuance.

On June 29, 2018, the Company completed a non-brokered private placement, issuing 10,916,667 units at a price of CAD \$0.12 per unit, for gross proceeds of CAD \$1,310,000 (USD \$994,836). Each unit was comprised of one common share and one-half common share purchase warrant. Each full warrant entitles the holder to purchase an additional common share of the Company at a price of CAD \$0.40 for a period of two years from the date of issue. The fair value of the warrants of \$22,610 was determined using the Black-Scholes pricing model with a risk-free rate of 1.92%, a volatility factor of 57.11%, dividends of nil, and an expected life of the warrants of two years. Share issuance costs of \$35,832 plus 252,600 finders' warrants exercisable at CAD \$0.40 for a period of two years from the date of issue with a fair value of \$1,046 were incurred in connection with the private placement

On November 13, 2018, the Company issued 371,000 common shares at a fair value of \$27,064 pursuant to the related party loan agreement. (Note 8).

On December 14, 2018, the Company issued 2,729,164 common shares to settle trade and accrued payables of \$105,318 including \$30,871 owed to officers and senior management. The Company recorded a gain on settlement of debt of \$31,595. Share issuance costs of \$2,054 were incurred in connection with the settlement.

During the year ended December 31, 2018, 327,467 share purchase warrants were exercised for proceeds of CAD \$57,367 (USD \$45,741) and 100,000 stock options were exercised for proceeds of CAD \$23,000 (USD \$18,332).

9. Share Capital and Reserves (continued)

Issued share capital (continued)

Shares issued during the year ended December 31, 2017

On January 27, 2017, the Company issued 1,500,000 common shares at CAD \$0.01 per share, for gross proceeds of \$11,417 (CAD \$15,000).

On April 26, 2017, the Company issued 3,050,000 common shares at CAD \$0.02 per share, for gross proceeds of CAD \$61,000.

On April 28, 2017, the Company issued 9,750,000 units at CAD \$0.05 per unit, for gross proceeds of CAD \$487,500. Each unit consisted of one common share and one-half of one share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company for a period of three years from the date of issuance, at an exercise price of CAD \$0.10 per share.

The Company allocated CAD \$110,175 of the proceeds to the fair value of the warrants issued in connection with this financing, with the remaining CAD \$377,325 recorded to share capital. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk-free rate of 0.82% a volatility factor of 95.72%, dividends of nil, and an expected life of the warrants of two years.

On June 5, 2017, the Company issued 16,000,000 shares with a value of CAD \$0.089 per share, for a total of CAD \$1,424,000 in connection with the agreement with Lockwood Financial Ltd. and Katanga Trust Mining Sarl to acquire certain interests in seven (7) mineral concessions in the Democratic Republic of the Congo, Africa.

On June 13, 2017, the Company issued 2,000,000 shares with a value of CAD \$0.089 per share, for a total of CAD \$178,000 in connection with the definitive assignment agreement to acquire 100% of the interests, rights and obligations of a further six (6) mining concessions in the Democratic Republic of the Congo, Africa.

On July 11, 2017, the Company issued a total of 6,300,000 units at CAD \$0.10 per unit, for gross proceeds of CAD \$630,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing of the private placement, at an exercise price of CAD \$0.30 per share.

The Company allocated CAD \$80,010 of the proceeds to the fair value of the warrants issued in connection with this financing, with the remaining CAD \$549,990 recorded to share capital. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk-free rate of 1.15% a volatility factor of 95.72%, dividends of nil, and an expected life of the warrants of two years.

On August 3, 2017, the Company closed the first tranche of a private placement and issued a total of 10,646,666 units at CAD \$0.15 per unit, for gross proceeds of CAD \$1,597,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing of the private placement, at an exercise price of CAD \$0.50 per share. Finders' fees on this tranche were CAD \$23,019, and 403,200 finders' warrants which entitles the holder to purchase one common share at an exercise price of CAD \$0.25 for a period of 2 years.

The Company allocated CAD \$172,172 of the proceeds to the fair value of the warrants issued in connection with this financing, with the remaining CAD \$1,424,828 recorded to share capital. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk-free rate of 1.24%, a volatility factor of 95.72%, dividends of nil, and an expected life of the warrants of two years.

9. Share Capital and Reserves (continued)

Issued share capital (continued)

Shares issued during the year ended December 31, 2017 (continued)

On August 11, 2017, the Company closed the second tranche of a private placement and issued a total of 7,390,663 units at CAD \$0.15 per unit, for gross proceeds of CAD \$1,108,600. Each unit consisted of one common share and one-half of one share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing of the private placement, at an exercise price of CAD \$0.50 per share. Finders' fees on this tranche were CAD \$10,123, and 177,386 finders' warrants which entitles the holder to purchase one common share at an exercise price of CAD \$0.25 for a period of 2 years.

The Company allocated CAD \$119,518 of the proceeds to the fair value of the warrants issued in connection with this financing, with the remaining CAD \$989,081 recorded to share capital. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk-free rate of 1.24%, a volatility factor of 95.72%, dividends of nil, and an expected life of the warrants of two years.

On December 11, 2017, Bankers completed a non-brokered private placement of 17,500,000 units at a price of CAD \$0.40 per unit for aggregate proceeds of CAD \$7,000,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of CAD \$0.60 per common share for a period of two years from the date of issuance. In connection with the private placement the Company paid finders' fees in cash in the amount of CAD \$430,630 and granted a total of 1,233,750 finders' warrants. Each finders' warrant is exercisable into one common share of the Company at an exercise price of CAD \$0.60 per common share for a period of two years from the date of issuance.

The Company allocated CAD \$2,104,895 of the proceeds to the fair value of the warrants issued in connection with this financing, with the remaining CAD \$4,895,105 recorded to share capital. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk-free rate of 1.51%, a volatility factor of 80.56%, dividends of nil, and an expected life of the warrants of two years.

Warrants

Warrant transactions for the years ended December 31, 2018 and 2017 are as follows:

	Warrants	Exercise Price (CDN\$)
Balance, December 31, 2016	-	-
Issued	43,349,018	0.45
Exercised	(2,930,000)	0.15
Balance, December 31, 2017	40,419,018	0.47
Issued	6,374,569	0.43
Exercised	(327,467)	0.18
Balance, December 31, 2018	46,466,120	0.47

9. Share Capital and Reserves (continued)

Warrants (continued)

Warrants outstanding at December 31, 2018 are as follows:

Outstanding Warrants	Exercise Price (CDN\$)	Expiry Date
112,675	1.00	April 9, 2019
88,000	1.00	April 30, 2019
3,070,000	0.30	July 11, 2019
361,900	1.00	July 18, 2019
5,323,330	0.50	August 3, 2019
394,400	0.25	August 3, 2019
3,695,327	0.50	August 11, 2019
128,719	0.25	August 11, 2019
300,000	1.00	September 9, 2019
19,700	1.00	November 4, 2019
217,000	1.00	November 9, 2019
18,733,750	0.60	December 12, 2019
3,300	1.00	December 23, 2019
58,000	1.00	December 24, 2019
5,500	1.00	February 28, 2020
150,200	1.00	April 18, 2020
4,615,000	0.10	April 28, 2020
103,750	1.00	May 5, 2020
50,000	1.00	August 14, 2020
663,636	0.70	January 25, 2021
2,661,000	0.15	December 12, 2021
5,458,333	0.40	June 29, 2020
252,600	0.40	June 29, 2020
46,466,120		

The Company applies the fair value method of accounting using the Black-Scholes option pricing model to value finders' warrants. A total of 252,600 (2017 - 1,814,336) finders' warrants were issued during the year ended December 31, 2018 at a cost \$1,046 (2017 - \$265,669). This equates to approximately \$0.004 (2017 - \$0.1464) per warrant using the following weighted average assumptions:

Period ending	December 31, 2018	December 31, 2017
Risk free interest rate	1.92%	1.42%
Expected life of options	2 years	2 years
Expected dividend yield	-	-
Expected stock price volatility	57.11%	85.42%

9. Share Capital and Reserves (continued)

Stock Options

In connection with the reverse takeover transaction on October 20, 2017, the Company adopted a stock option plan whereby the Board of Directors may grant employees, consultants, directors and officers share purchase options. The aggregate number of options reserved for issuance may not exceed 10% of the Company's issued and outstanding shares at the date of the grant. In any twelve-month period, the Company will not grant more than 2% of the issued and outstanding shares of the Company to any one consultant or any one individual performing investor relations activities. The options vest in stages over twelve months, with no more than one-quarter of the options vesting over any three-month period.

Total stock-based compensation for the year ended December 31, 2018 was \$164,625 (2017 – \$3,149,284) relating to the vesting of options.

Stock option transactions for the year ended December 31, 2018 and 2017 are as follows:

	Stock Options	Exercise Price (CDN\$)
Balance, December 31, 2016	-	-
Issued	8,020,000	0.63
Exercised	(350,000)	0.23
Expired	(50,000)	0.23
Balance, December 31, 2017	7,620,000	0.65
Exercised	(100,000)	0.23
Balance, December 31, 2018	7,520,000	0.65

The weighted average fair value of share purchase options exercised during the year ended December 31, 2018 is \$0.23 (2017 – \$0.22).

Stock options outstanding at December 31, 2018 are as follows:

Outstanding Options	Vested Options	Exercise Price (CDN\$)	Expiry Date
100,000	100,000	0.15	May 1, 2019
15,000	15,000	1.00	August 9, 2019
5,000	5,000	1.00	February 6, 2020
7,400,000	7,300,000	0.66	December 18, 2022
7,520,000	7,420,000		

Reserves

Reserves consist of the cost of the finders' warrants. When the warrants are exercised, the value of the warrants will be transferred to share capital.

10. Related Party Transactions

Related party transactions for the year ended December 31, 2018 and 2017 are as follows:

Year Ended	December 31, 2018	December 31, 2017
Management fees paid to companies controlled by officers of the Company	\$ 213,336	\$ 131,283
Bonus paid to a company controlled by an officer of the Company's subsidiary in connection with property acquisitions*	500,000	-
Management fees paid to companies controlled by officers of the Company's subsidiary	401,325	124,323
Common shares issued to companies controlled by officers in connection with consulting agreements	298,988	-
Professional fees paid to a company controlled by an officer of the Company	-	2,096
Common shares issued to a company controlled by an officer in connection with the acquisition of Katanga**	-	163,638
Professional fees paid to a Company controlled by a former officer of the Company	-	26,082
Share-based payments to officer and directors of the Company and the Company's subsidiary	-	2,463,148
Interest accrued on loan from director (Note 8)	12,657	-
Common shares issued to a director for loan consideration	27,064	-
	\$ 1,453,370	\$ 2,910,570

*Included in property acquisition costs

**Included in listing expense

See Note 6, 8 and 9 for additional related party transactions.

Included in trade payables and accrued liabilities at December 31, 2018 is \$184,862 (December 31, 2017 - \$24,112) due to related parties. Amounts due to related parties are non-interest bearing, unsecured and due on demand.

11. Financial Risk and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. Management approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in a bank account in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a bank that is a high credit quality financial institution as determined by rating agencies.

11. Financial Risk and Capital Management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from financings and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements or through proceeds from loans. The Company's access to financing is uncertain. There can be no assurance of continued access to necessary levels of equity funding. *(Note 1)*

Foreign exchange risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company does not hedge its exposure to fluctuations in exchange rates.

The Company has operations in Canada, the DRC and in Namibia, which gives rise to the risk that its financial instruments may be adversely impacted by exchange rate fluctuations. The Company has expenditures in both the Canadian and the US dollar.

A significant change in the currency exchange rate between the Canadian dollar relative to the U.S. dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not entered into foreign currency contracts to hedge its risk against foreign currency fluctuations.

A 10% change in the Canadian dollar to the U.S. dollar exchange rate would impact the Company's net loss by \$37,459.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

Capital Management

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit. The Company is not subject to any externally imposed capital requirements.

Fair value

The Company's financial instruments consist of cash, accounts receivable, trade payables and a loan from a related party. The fair value of cash approximates its carrying value due to its short-term maturity. The fair value of accounts receivable and trade payables may be less than the carrying value as a result of the Company's credit and liquidity risk. The carrying value of the loan from the related party approximates its fair value.

IFRS establishes a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Quoted prices in active markets for the same instrument.

Level 2 – Valuation techniques for which significant inputs are based on observable market data.

Level 3 – Valuation techniques for which any significant input is not based on observable market data.

12. Segmented information

Geographic segments

The Company's assets are located in the following countries:

	As at December 31, 2018			
	Canada	DRC	Namibia	Total
Exploration and evaluation assets	\$ -	\$ 2,979,102	\$ 59,856	\$ 3,038,958
Property, plant and equipment	-	92,107	-	92,107
Other assets	63,840	1,532	-	65,372
	\$ 63,840	\$ 3,072,741	\$ 59,856	\$ 3,196,437

	As at December 31, 2017			
	Canada	DRC	Namibia	Total
Exploration and evaluation assets	\$ -	\$ 6,698,577	\$ -	\$ 6,698,577
Property, plant and equipment	-	201,380	-	201,380
Other assets	4,425,184	239,608	-	4,664,792
	\$ 4,425,184	\$ 7,139,565	\$ -	\$ 11,564,749

13. Income Tax

- a) The Company has accumulated non-capital losses for income tax purposes as of December 31, 2018 that may be used to reduce future taxable income. These losses expire as follows:

	CAD	USD	Expiry
Canada	8,295,185	6,080,622	2026-2038
Democratic Republic of Congo	-	116,353	Unlimited

The recovery of income taxes differs from the amounts computed by applying statutory tax rates to the loss before income taxes due to the following:

	December 31, 2018	December 31, 2017
Loss for the year before income taxes	\$ 11,127,199	\$ 9,748,969
Statutory tax rate	27%	26%
Income tax recovery based on the above rates	3,004,343	2,534,732
Permanent differences	(62,068)	(1,917,746)
Difference between foreign and Canadian tax rates	28,438	275
Change in BC tax rate	-	54,901
Foreign exchange	(225,840)	(55,556)
Losses and temporary differences for which no future income tax asset has been recognized	(2,797,856)	(617,388)
Other	52,983	782
Income tax expense	\$ -	\$ -

13. Income Tax

- b) Deferred income taxes arise from temporary differences in the recognition of income and expense for the financial reporting and tax purposes. The significant components of future income tax assets and liabilities are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Future unrecognized tax assets (liability)		
Resource property	\$ 2,512,727	\$ 152,030
Share issuance costs and other	150,813	193,859
Operating loss carry-forwards	<u>1,676,674</u>	<u>1,196,469</u>
Unrecognized deferred tax assets	\$ <u>4,340,214</u>	\$ <u>1,542,358</u>

No future tax assets are currently recognized.

14. Reverse Takeover Transaction

On October 20, 2017, the Company acquired 100% of the issued and outstanding shares of Katanga. As a result of this acquisition, the shareholders of Katanga obtained control of the Company through the acquisition of approximately 88.28% of the common shares of the combined entity and the transaction has been accounted for as a reverse takeover ("RTO").

Accordingly, for accounting purposes, Katanga has been treated as the accounting parent company (legal subsidiary) and the Company has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As Katanga was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. The Company's results of operations have been included from October 20, 2017, the date of the RTO.

For purposes of this transaction, the consideration received was the fair value of the net liabilities of the Company which on October 20, 2017 was (\$220,848).

This amount was calculated as follows:

Cash	\$ 1,321
Goods and services tax recoverable	10,248
Accounts payable and accrued liabilities	(186,694)
Due to related parties	<u>(45,723)</u>
Net liabilities acquired	\$ (220,848)
Fair value of 8,517,551 shares deemed issued by Katanga	\$ 2,872,755
Fair value of 6,991,025 share purchase warrants deemed issued by Katanga	1,733,805
Fair value of 620,000 stock options deemed granted by Katanga	113,613
Finders fees paid – 1,000,000 shares	<u>337,275</u>
Aggregate fair value of consideration paid	\$ 5,057,448
Listing expense	<u>\$ 5,278,296</u>

The fair value of the 6,991,025 share purchase warrants deemed issued (\$1,733,805) was estimated using the Black-Scholes option pricing model. Weighted average assumptions used in the pricing model were as

14. Reverse Takeover Transaction (continued)

follows: risk-free interest rate of 1.59%; an expected life of 3.69 years, a volatility factor of 107%, expected forfeitures of nil%, and expected dividends of nil.

The fair value of the 620,000 options deemed granted (\$113,613) was estimated using the Black-Scholes option pricing model. Weighted average assumptions used in the pricing model were as follows: risk-free interest rate of 1.45%, expected life of 1.30 years, volatility of 69.34%, expected forfeitures of nil%, and expected dividends of nil.

The public company listing does not meet the criteria for recognition of an intangible asset in accordance with IAS 38 "Intangible Assets". Accordingly, the Company charged \$5,278,296 to the statement of comprehensive loss for the year ended December 31, 2017.

Also included in the listing expense for the year ended December 31, 2017, is the value of 500,000 common shares issued to each of GR7 Consulting Corp. (a company controlled by an officer) and Altus Capital Partners as finders' fees.

15. Subsequent Events

Subsequent to December 31, 2018, 112,675 share purchase warrants with an exercise price of CAD \$1.00 expired unexercised.