



**Financial Statements**

**For the Years Ended September 30, 2018 and 2017**

**(Expressed in Canadian Dollars)**

## REPORT OF INDEPENDENT REGISTERED CHARTERED PROFESSIONAL ACCOUNTANTS

### To the Shareholders of Colombia Crest Gold Corp.,

We have audited the accompanying consolidated financial statements of Colombia Crest Gold Corp., which comprise the statements of financial position as at September 30, 2018 and 2017, and the statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Colombia Crest Gold Corp. as at September 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 (d) in the consolidated financial statements which indicates that the Company has limited working capital, losses since inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 2 (d), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC  
December 21, 2018

**Colombia Crest Gold Corp.**  
 Statements of Financial Position  
 (Expressed in Canadian Dollars)

As at,	September 30, 2018 \$	September 30, 2017 \$
<b>Assets</b>		
<b>Current</b>		
Cash	209,188	388,226
Tax recoverable and other receivables	3,825	10,870
Prepaid expense	6,667	7,000
	219,680	406,096
Property, plant and equipment	1,765	2,521
<b>Total Assets</b>	<b>221,445</b>	<b>408,617</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities - Note 5	17,128	106,900
<b>Total Liabilities</b>	<b>17,128</b>	<b>106,900</b>
<b>Shareholders' Equity</b>		
Share capital - Note 6 (b)	79,932,514	79,932,514
Share subscriptions	1,156,000	1,156,000
Contributed surplus - Note 6 (e)	6,030,315	6,030,315
Accumulated deficit	(86,914,512)	(86,817,112)
	204,317	301,717
<b>Total Liabilities and Equity</b>	<b>221,445</b>	<b>408,617</b>

Nature of operations – Note 1  
 Going concern of operations – Note 2 (d)

Signed on behalf of the Board of Directors by:

<u>“Hans Rasmussen”</u> Hans Rasmussen	Director	<u>“Carl Hansen”</u> Carl Hansen	Director
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The accompanying notes are an integral part of these financial statements

**Colombia Crest Gold Corp.**

Statements of (Loss)/Income and Comprehensive (Loss)/Income

For the Years Ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

	2018	2017
	\$	\$
<b>Expenses:</b>		
Accounting and audit	10,500	17,900
Administration - Note 5	24,000	24,000
Depreciation	756	1,080
Bank charges	745	11,653
Corporate development	1,894	1,994
Filing fees	7,700	7,479
Foreign exchange loss/(gain)	(10,168)	24,310
Insurance	10,333	9,604
Interest	-	(13,776)
Legal	11,625	42,574
Management fees - Note 5	32,452	46,716
Office and printing	33,800	23,837
Transfer agent	16,710	7,200
Travel and promotion	6,659	14,981
<b>Loss and comprehensive loss before other items</b>	<b>(147,006)</b>	<b>(219,552)</b>
<b>Other items:</b>		
Recovery of impairment on receivable	-	799,320
Write-off of accounts payable	49,606	-
<b>Net/(loss) income and comprehensive (loss)/income for the year</b>	<b>(97,400)</b>	<b>579,768</b>
Basic (loss)/earnings per share	(\$0.01)	\$0.06
Number of common shares outstanding	9,608,854	9,608,854

The accompanying notes are an integral part of these financial statements

**Colombia Crest Gold Corp.**

Statements of Changes in Equity/(Deficiency)

For the Years Ended September 30, 2018 and 2017

( Expressed in Canadian Dollars)

	Share Capital		Shares Subscribed \$	Contributed Surplus \$	Deficit \$	Total \$
	Number of Shares	Amount \$				
<b>Balance - September 30, 2016</b>	96,088,289	79,932,514	1,156,000	6,030,315	(87,396,880)	(278,051)
Income for the year	-	-	-	-	579,768	579,768
<b>Balance - September 30, 2017</b>	96,088,289	79,932,514	1,156,000	6,030,315	(86,817,112)	301,717
Share consolidation 10:1	(86,479,435) (i)	-	-	-	-	-
Loss for the year	-	-	-	-	(97,400)	(97,400)
<b>Balance - September 30, 2018</b>	9,608,854	79,932,514	1,156,000	6,030,315	(86,914,512)	204,317

(i) On April 20, 2018, the Company consolidated its issued common shares on a 10:1 basis.

The accompanying notes are an integral part of these financial statements

**Colombia Crest Gold Corp.**  
 Statements of Cash Flows  
 For The Years Ended September 30, 2018 and 2017  
 (Expressed in Canadian Dollars)

	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
<b>Net (loss)/income for the year</b>	(97,400)	579,768
<b>Adjustments to reconcile (loss) gain to net cash used in operating activities:</b>		
Depreciation and amortization	756	1,080
Write-off of accounts payable	(49,606)	-
Recovery of impairment on receivable	-	(799,320)
Realized foreign exchange - net	-	629
Net change in non-cash working capital items:	(146,250)	(217,843)
Tax recoverable and other receivables	7,045	6,603
Prepaid	333	(7,000)
Accounts payable and accrued liabilities	(40,166)	(584,681)
<b>Cash used in operating activities</b>	<b>(179,038)</b>	<b>(802,921)</b>
<b>Investing activities</b>		
Proceeds from current receivable	-	1,191,840
<b>Cash from investing activities</b>	<b>-</b>	<b>1,191,840</b>
<b>Financing activities</b>		
Loan received from related party	-	13,929
Related party loan principal repayment	-	(28,762)
Related party loan interest payment	-	(547)
<b>Cash used from investing activities</b>	<b>-</b>	<b>(15,380)</b>
<b>Change in cash in the year</b>	<b>(179,038)</b>	<b>373,539</b>
<b>Cash - beginning of year</b>	<b>388,226</b>	<b>14,687</b>
<b>Cash - end of year</b>	<b>209,188</b>	<b>388,226</b>

The accompanying notes are an integral part of these financial statements

## **Colombia Crest Gold Corp.**

Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

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### **1. Corporate Information**

Colombia Crest Gold Corp.'s business activity is the exploration and evaluation of mineral properties. In December 2012, Colombia Crest Gold Corp. (the "Company") sold its Bolivian subsidiary, Eaglecrest Exploration Bolivia SA ("EEB"), which had been exploring mineral properties in Bolivia since 1996. During the year ended September 30, 2013, the Company ceased its operations in Colombia but still holds a 50% earned interest in the Fredonia property.

The Company was incorporated under the laws of the Province of British Columbia on January 20, 1981 and its common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol CLB, and on the Frankfurt Stock Exchange under the symbol EAT.

The address of the Company's corporate office and principal place of business is Suite 300, 1055 West Hastings Street, Vancouver, BC Canada.

### **2. Basis of Preparation**

#### **a) Statement of compliance**

These financial statements of the Company for the year ended September 30, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These statements were authorized for issue by the Board of Directors on December 21, 2018.

#### **b) Basis of Measurement**

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as available for sale which are at fair value, and have been prepared using the accrual basis of accounting.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### **c) Basis of Consolidation**

The consolidated financial statements include all subsidiaries of the Company. Subsidiaries are entities over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases. All significant inter-company transactions and balances have been eliminated.

Since fiscal 2011, the consolidated financial statements include the accounts of Colombia Crest Gold Corp. (the parent company) and its wholly owned subsidiary Eaglecrest Explorations Panama Corp. ("EEP"), a company incorporated in Panama City, Panama, and EEP's wholly owned subsidiary, Colombiana de Oro SA ("Colombiana"), a company incorporated in Panama City, Panama. Colombiana operated the Colombian projects of Fredonia and Venecia in Colombia through its branch office in Medellin, Colombia.

## **Colombia Crest Gold Corp.**

Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

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### **2. Basis of Preparation – (cont'd)**

#### **c) Basis of Consolidation – (cont'd)**

In December 2012, the Company sold its Bolivian subsidiary, EEB. Prior to fiscal 2013, all consolidated financial statements reported included the accounts of EEB.

During fiscal 2013, the Company terminated the Colombian branch operation and wrote off its entire Colombian exploration and evaluation assets. Both EEP and Colombiana were inactive and contained no transactions since fiscal 2014. As at September 18, 2015, both the Panama companies, EEP and Colombiana were dissolved. As at September 30, 2018 and 2017, the financial statements contained transactions pertaining only to Colombia Crest Gold Corp.

#### **d) Going Concern of Operations**

These financial statements have been prepared assuming the Company will continue on a going-concern basis. As at September 30, 2018, the Company had not yet achieved profitable operations, has an accumulated deficit of \$86,914,512, has working capital of \$202,552 and expects to incur further losses in the development of its business. These conditions indicate the existence of material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company's ability to raise adequate equity financing for continuing operations. Realization values may be substantially different from carrying values as shown and accordingly these financial statements do not give effect to adjustments, if any, which would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

### **3. Summary of Significant Accounting Policies**

#### **a) Financial Instruments**

##### ***Financial Assets***

Financial assets are classified into the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy is as follows:

##### ***Loans and Receivables***

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

**Colombia Crest Gold Corp.**

Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

**3. Summary of Significant Accounting Policies – (cont'd)****a) Financial Instruments – (cont'd)*****Available-for-sale Financial Assets***

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

***Impairment on Financial Assets***

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

***Financial Liabilities***

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise accounts payable and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable and accrued liabilities represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid.

***Financial Instrument Classification***

The Company classified its financial instruments as follows:

- Cash is classified as loans and receivables.
- Long-term receivable is classified as available for sale.
- Accounts payable and accrued liabilities and loan from related party have been classified as other financial liabilities.

## **Colombia Crest Gold Corp.**

Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

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### **3. Summary of Significant Accounting Policies – (cont'd)**

#### **a) Financial Instruments – (cont'd)**

##### ***Fair Value Hierarchy***

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### **b) Mineral Exploration and Evaluation Expenditures**

##### ***Pre-exploration costs***

Pre-exploration costs are expensed in the year 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, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur. The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee 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 farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash 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 the statement of comprehensive loss/income.

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. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

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 also 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.

**Colombia Crest Gold Corp.**

Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

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**3. Summary of Significant Accounting Policies – (cont'd)**

**c) Property, Plant and Equipment**

Property, plant and equipment are recorded at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation is calculated on a declining balance basis at the following annual rates: furniture – 20%; office and field equipment – 30%; and vehicles – 30%. Property, plant and equipment acquired in a fiscal year are depreciated at one-half of the annual rate.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**d) Share Capital**

Equity instruments are contracts that give a residual interest in the net assets of the Company. 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 subscriptions and warrants denominated in the functional currency are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Common shares issued for non-monetary consideration are recorded at their market value based upon the trading price of the Company's common shares on the TSXV on the date of share issuance.

**e) 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 the statement of comprehensive loss over the vesting period. 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 the statement of comprehensive loss over the remaining vesting period.

**Colombia Crest Gold Corp.**

Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

**3. Summary of Significant Accounting Policies – (cont'd)****e) Share-based Payments – (cont'd)**

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive 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, in addition to any consideration paid.

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.

**f) Loss Per Share**

Basic loss per common share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

**g) Income Taxes**

Income tax expense comprises 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 loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. 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.

## **Colombia Crest Gold Corp.**

Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

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### **3. Summary of Significant Accounting Policies – (cont'd)**

#### **g) Income Taxes – (cont'd)**

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.

#### **h) Rehabilitation Provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur. As of September 30, 2018 and 2017, the Company does not have any rehabilitation or restoration obligations.

#### **i) Assets Held for Sale**

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

#### **j) Standards, Amendments and Interpretations Not Yet Effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2018 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)
- IFRS 16 Leases (effective January 1, 2019)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

## **Colombia Crest Gold Corp.**

Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

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### **4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

Judgments:

**i) Long-Term Receivable – current portion**

During the 2016 fiscal year, the Company accrued an amount receivable based primarily on management's assessment that the amount held in trust with a Bolivian court would be released to the Company prior to September 30, 2017. Management and the debtors arrived at a settlement of the outstanding receivable in December 2016, and the newly agreed cash payments were fully received during fiscal 2017. Refer to Note 5.

**ii) Ability to Continue as a Going Concern**

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

### **5. Long-Term Receivable**

During the year ended September 30, 2013, the Company sold all of the shares in its Bolivian subsidiary (EEB) for consideration of US\$5,000,000 to be received over 10 years.

During the year ended September 30, 2014, the Company renegotiated the terms and debtors of the agreement and entered into a modified agreement dated April 30, 2014. The revised terms of the long term receivable were finalized as follows: US\$50,000 to be received in April, 2014; US\$100,000 to be received monthly from May 2014 to July 2015 (15 months) and a final US\$100,000 to be received in December 2015, for a total of US\$1,650,000. At September 30, 2014, only US\$50,000 (CAD\$54,070) of these revised payments had been received.

In September 2014, the Company initiated legal action in Bolivia to enforce payments as under the revised terms along with interest and other relief. The Company and the debtors entered into a new agreement, dated December 11, 2014, which replaced the previous agreements. The terms for payment under the new agreement are as follows: US\$200,000 due on signing in December 2014 (received), US\$200,000 due on March 1, 2015 (received) and US\$300,000 due quarterly from June 1, 2015 to March 1, 2016 (4 payments).

As at September 30, 2015, management was unable to record an estimated fair value in respect to the remaining receivable of US\$1.2 million, and accordingly the receivable was subject to a full allowance, in respect to its financial statement carrying amount, as at that date.

As at September 30, 2016, due to settlement discussions and US\$300,000 having been paid by the debtors into escrow in Bolivian court, \$393,510 (US\$300,000) was accrued and recorded as a current receivable and the corresponding amount of \$393,510 was recognized as a recovery of impairment on receivable.

In December 2016, management and the debtors and the guarantor of the debt agreed to settle the outstanding receivable amount of US\$1.2 million for payment of US\$900,000, with both parties agreeing to the termination of all legal proceedings.

On March 22, 2017, US\$300,000 was paid by the debtors upon signing of the new payment agreement.

## Colombia Crest Gold Corp.

Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

### 5. Long-Term Receivable – (cont'd)

On May 4, 2017, the US\$300,000 due on May 2, 2017 was received.

On August 4, 2017, the final US\$300,000 tranche held by the Bolivian court was released and received by the Company.

As a result of payments received in fiscal 2017, \$799,320 was recognized as a recovery of impairment on receivable.

### 6. Exploration and Evaluation Assets

The Company's exploration properties were located in Bolivia and Colombia in South America, and its interest in these resource properties was maintained pursuant to agreements with the titleholders.

#### Bolivia:

In December 2012, the Company sold its Bolivian subsidiary EEB (Note 4), which had been exploring mineral properties in Bolivia since 1996.

#### Colombia:

Due to cash constraints and uncertainty of success, the Company ceased its four year exploration operation in Colombia and closed its branch office during fiscal 2013 and its entire investment of \$6,600,686 in Colombia has been written off.

Pursuant to an agreement dated August 13, 2010, the Company had an option to acquire up to a 75% interest in the mineral title of the 15,000 hectare Fredonia Property located in Antioquia, Colombia. In November 2013, notice was provided to the optionor that the Company had earned a 50% interest in the Fredonia property and the Company does not have the intention at the present time to incur any further exploration or concession expenditures. Any future expenditures incurred by the optionor and/or other third parties may have the effect of diluting the Company's earned interest.

### 7. Related Party Transactions

Key management personnel are persons responsible for the planning, directing and controlling activities of the entity. The Company's key management personnel are the interim CEO and CFO, and their compensations are included in the following:

	For the Years Ended September 30	
	2018	2017
	\$	\$
Management fees	32,453	46,717
Administration fees	24,000	24,000
Short-term benefits	6,419	6,113
Total	62,872	76,830

Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

No share purchase options were granted to key management personnel and directors for the years ended September 30, 2018 and 2017.

On August 12, 2016, the Company received a loan of \$15,534 (US\$12,000) from an officer of the Company. On March 31, 2017, the US\$12,000 loan was repaid along with \$464 (US\$350) in interest. See Note 8.

**Colombia Crest Gold Corp.**

Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

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**7. Related Party Transactions – (cont'd)**

On December 21, 2016, the Company received a second loan of \$13,929 (US\$10,000) from an officer of the Company. On March 31, 2017, the US\$10,000 loan was repaid along with \$83 (US\$62) in interest. See Note 8.

Related party liabilities included in trade and other payable are as follows:

	For the Years Ended	
	September 30	
	2018	2017
	\$	\$
Management fees	-	41,371
Total	-	41,371

**8. Loans from Related Party**

- a) The Company entered into an agreement with an officer of the Company dated August 12, 2016 for an unsecured loan ("1<sup>st</sup> Loan") of US\$12,000 on the following terms:

Interest on the 1<sup>st</sup> Loan was accrued at an annual rate of 5% commencing on September 1, 2016.

The 1<sup>st</sup> Loan and accrued interest were to be repaid on or before March 1, 2017.

On March 31, 2017, the US\$12,000 loan was repaid along with US\$350 in interest.

- b) The Company entered into an agreement with an officer of the Company dated December 21, 2016 for a second unsecured loan (the "2<sup>nd</sup> Loan") of US\$10,000 on the following terms:

Interest on the 2<sup>nd</sup> Loan was accrued at an annual rate of 2.5% commencing on January 1, 2017.

The 2<sup>nd</sup> Loan and accrued interest were to be repaid on or before March 1, 2018.

On March 31, 2017, the US\$10,000 loan was repaid along with US\$62 in interest.

**9. Share Capital****a) Authorized:**

Authorized share capital consists of an unlimited number of common shares without par value.

**b) Issued:**

In April, 2018, the Company completed a ten for one (10:1) share consolidation. As at September 30, 2018, there were 9,608,854 (2017: 96,088,289) shares issued and outstanding. Where applicable for comparative purposes, the effect of this consolidation has been reflected herein as having occurred on the first day of the comparative fiscal year.

**c) Stock Options:**

The Company has a stock option plan whereby, the maximum number of common shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares, as at the date of the grant.

The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor

**Colombia Crest Gold Corp.**

Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

**9. Share Capital – (cont'd)****c) Stock Options – (cont'd):**

relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. Options vest at the date of grant, unless otherwise noted.

The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV). Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option.

The continuity of share purchase options is as follows:

	Number of Options	Weighted Average Exercise Price \$
Balance - September 30, 2016	2,500,000	0.34
Expired	(2,250,000)	0.35
Cancelled	(250,000)	0.25
Balance - September 30, 2017 and September 30, 2018	-	-

During the year ended September 30, 2017, 2,250,000 share purchase options each exercisable at \$0.35 to purchase one share capital of the Company expired on November 14, 2016 and 250,000 share purchase options each exercisable at \$0.25 to purchase one share capital of the Company granted to a former geological consultant were cancelled, as the consultant's services were terminated.

During the years ended September 30, 2018 and 2017, no stock-based compensation was recorded and no options were granted.

**d) Share Purchase Warrants Outstanding:**

There were nil warrants outstanding as at September 30, 2016, September 30, 2017 and September 30, 2018.

**e) Contributed Surplus:**

	Stock-based Compensation	Brokers' Warrants	Equity Portion of Convertible Debentures	Options on Properties	Shares Cancelled	Total
	\$	\$	\$	\$	\$	\$
September 30, 2017 and, 2018	4,906,516	319,896	460,000	342,028	1,875	6,030,315

Contributed surplus is used to recognize the value of stock options granted and share purchase warrants issued prior to exercise, the equity portion of convertible debentures not converted and value of escrow shares cancelled for no additional consideration.

**Colombia Crest Gold Corp.**

Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

**10. Income Taxes**

Taxation in the Company and its subsidiaries' operational jurisdictions is calculated at the rate prevailing in its respective jurisdiction.

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	<b>September 30 2018</b>	<b>September 30 2017</b>
	<b>\$</b>	<b>\$</b>
Income (loss) before income taxes	(97,400)	579,768
Tax charge / (recovery) based on statutory rate of 26.75% (2017 – 26.00%)	(26,000)	151,000
Deductible and non-deductible expenses	1,000	1,000
Expiry of loss carry forward	-	-
Use of deferred tax assets	25,000	(152,000)
Income tax expense (recovery)	-	-

The Canadian Federal corporate tax rate remained the same at 15.00% and the British Columbia provincial tax rate remained was 12.00% effective January 1, 2018 (September 30, 2017 - 11.00%).

**Deferred Tax Assets and Liabilities**

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax to be recovered:

	<b>September 30 2018</b>	<b>September 30 2017</b>
	<b>\$</b>	<b>\$</b>
Non-capital losses	3,314,000	3,015,000
Capital losses	6,847,000	6,594,000
Capital assets	2,000	5,000
Exploration and evaluation assets	1,173,000	1,105,000
Unrecognized deferred tax asset	(11,336,000)	(10,719,000)
Deferred tax assets	-	-

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets/(liabilities) have been recognized are attributable to the following:

	<b>September 30 2018</b>	<b>September 30 2017</b>
	<b>\$</b>	<b>\$</b>
Deferred income tax assets:		
Non-capital loss carryforwards	12,276,164	11,597,770
Capital losses	25,360,057	25,360,057
PP&E	6,544	19,136
Exploration and evaluation assets	4,343,220	4,251,149
	41,985,985	41,228,112

## Colombia Crest Gold Corp.

Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

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### 10. Income Taxes – (cont'd)

As at September 30, 2018, the Company has estimated non-capital losses for Canadian tax purposes of \$12,276,000 that may be carried forward to reduce taxable income derived in future years.

These losses expire as follows:

Year of Expiry	Taxable Losses
	\$
2026	1,231,000
2027	1,699,000
2028	1,826,000
2029	1,118,000
2030	1,478,000
2031	1,485,000
2032	1,453,000
2033	877,000
2034	463,000
2035	552,000
2038	94,000
<b>Total</b>	<b>12,276,000</b>

### 11. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company's investment policy is to hold excess cash in interest bearing bank accounts.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended September 30, 2018.

### 12. Financial Instruments and Risk Management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out below.

## Colombia Crest Gold Corp.

### Notes to the Financial Statements

For the years ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

## 12. Financial Instruments and Risk Management – (cont'd)

### a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are subject to credit risk for the Company consist primarily of cash and long-term receivable. The Company manages credit risk by investing its cash with high credit-worthy financial institutions and completing due diligence on significant counterparties that the Company has entered into contracts.

### b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

As at September 30, 2018, the Company's cash on hand exceeds the financial liabilities comprising of accounts payable and accrued liabilities. However, the Company will need to raise additional funds to continue meeting its obligations in the future.

### c) Market Risk

Market risk consists of currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

#### i) Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rate between the Canadian and US dollar or other foreign currencies will affect the Company's operations and financial results. As such the Company has exposure to foreign currency exchange rate fluctuations. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign currency risks.

### c) Market Risk – (cont'd)

The following table reflects the Company's foreign currency exposure from US dollars as of September 30, 2018 and 2017:

	September 30, 2018 US\$	September 30, 2017 US\$
Financial assets:		
Cash	160,744	378,164
Financial liabilities:		
Accounts payable and accrued liabilities	-	68,827

As at September 30, 2018, with other variables unchanged, a 10% change in US dollar to Canadian dollar exchange rate would result in approximately \$16,000 (2017 - \$31,000) change in the statements of comprehensive gain/loss.

#### ii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.