VOLT ENERGY

Consolidated Financial Statements

Years Ended

December 31, 2018 and 2017

(Expressed in Canadian Dollars)

Independent auditor's report

To the Shareholders of Volt Energy Corp.

Our opinion

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

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

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of income (loss) and comprehensive income (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 Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

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

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Material uncertainty related to going concern

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

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 30, 2019

Volt Energy Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2018	December 31, 2017
	($)	($)
ASSETS		
Current assets		
Cash	105,330	249,314
Prepaid expenses	2,012	1,966
Gst receivable	7,977	1,454
Assets held for spin-off (Note 11)	-	126,144
	115,319	378,878
Reclamation deposits (Note 4)	-	33,058
Exploration and evaluation assets (Note 5)	1	723,356
Assets held for spin-off (Note 13)	-	333,279
	115,320	1,468,571
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	81,499	43,727
Liabilities held for spin-off (Note 13)	-	34,975
	81,499	78,702
Liabilities held for spin-off (Note 13)	-	118,810
	81,499	197,512
Shareholders' equity		
Share capital (Note 8)	3,848,206	3,914,384
Reserves (Note 8)	360,306	360,306
Deficit	(4,174,691)	(3,003,631)
	33,821	1,271,059
	115,320	1,468,571

Nature of Operations and Going Concern (Note 1)
Subsequent Event (Note 14)

On behalf of the Board:

"Stephen Polakoff"
Stephen Polakoff - Director

"J. Lewis Dillman"
J. Lewis Dillman - Director

See accompanying notes to the consolidated financial statements

Volt Energy Corp.

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

(Expressed in Canadian Dollars)

	Year Ended December 31, 2018	Year Ended December 31, 2017
	($)	**($)**
EXPENSES		
General and administrative	15,505	21,511
Director fees (Note 7)	48,000	12,000
Professional and consulting fees (Note 7)	533,836	35,679
Rent	400	1,200
Transfer and filing fees	18,341	4,838
	616,082	75,228
OTHER ITEMS		
Gain on spin-off Roughrider Capital Corp. (Note 13)	289,221	-
Write-off of exploration and evaluation assets (Note 5)	(726,125)	-
Interest income	565	-
	(436,339)	-
Net income (loss) from continuing operations	(1,052,421)	(75,228)
Net loss from discontinued operations (Note 13)	(118,639)	(149,626)
Net income (loss) and comprehensive income (loss) for the year	(1,171,060)	(224,854)
Basic and diluted income (loss) per share:		
Continuing operations	(0.11)	(0.01)
Discontinued operations	(0.01)	(0.02)
Weighted average common shares outstanding:		
Basic	9,484,150	6,836,034
Diluted	9,484,150	6,836,034

See accompanying notes to the consolidated financial statements

Volt Energy Corp.

Consolidated Statement of Changes in Shareholders`Equity

(Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of Shares	Amount	Option	Warrant	Total	Deficit	Total
		($)	($)	($)	($)	($)	($)
Balance at December 31, 2016	4,569,566	2,819,649	333,776	26,530	360,306	(2,778,777)	401,178
Share issuance - private placement	1,500,000	300,000	-	-	-	-	300,000
Share issuance - debt settlement	240,783	72,235	-	-	-	-	72,235
Share issuance - property acquisitions	1,287,500	722,500	-	-	-	-	722,500
Net loss for the year	-	-	-	-	-	(224,854)	(224,854)
Balance at December 31, 2017	7,597,849	3,914,384	333,776	26,530	360,306	(3,003,631)	1,271,059
Share issuance - private placement	4,500,000	506,250	-	-	-	-	506,250
Share issuance costs	-	(3,281)	-	-	-	-	(3,281)
Spin-off of Roughrider Capital Corp. shares	-	(569,147)	-	-	-	-	(569,147)
Net loss for the year	-	-	-	-	-	(1,171,060)	(1,171,060)
Balance at December 31, 2018	12,097,849	3,848,206	333,776	26,530	360,306	(4,174,691)	33,821

See accompanying notes to the consolidated financial statements

Volt Energy Corp.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year Ended December 31, 2018	Year Ended December 31, 2017
	($)	**($)**
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the year from continuing operations	(1,052,421)	(75,228)
Items not affecting cash		
Gain on spin-off of Roughrider Capital Corp.	(289,221)	-
Write-off of exploration and evaluation assets	726,125	-
Changes in non-cash working capital items:		
Receivables	(6,523)	(478)
Prepaids	(46)	(1,587)
Accounts payable and accrued liabilities	37,772	69,513
	(584,314)	(7,780)
Discontinued operations (Note 13)	(18,509)	(172,272)
	(602,823)	(180,052)
INVESTING ACTIVITIES		
Cash disposed of from spin-out of Roughrider	(74,418)	-
Exploration and evaluation expenditures	(2,770)	(856)
Refund of reclamation deposit	33,058	-
	(44,130)	(856)
FINANCING ACTIVITIES		
Common shares issued for cash	506,250	300,000
Share issuance costs	(3,281)	-
	502,969	300,000
Change in cash during the year	(143,984)	119,092
Cash - beginning of year	249,314	130,222
Cash - end of year	105,330	249,314

Supplemental Cash Flow Information (Note 12)

See accompanying notes to the consolidated financial statements

1. Nature of Operations and Going Concern

Volt Energy Corp. (the "Company") was incorporated on November 20, 2000 under the laws of the province of Alberta, Canada and was continued into the province of British Columbia in 2010. The Company's offices are located at 1090 Hamilton Street, Vancouver, BC, Canada, V6B 2R9. The Company is engaged in the exploration of energy metals, such as cobalt and lithium, in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "VOLT".

On March 13, 2018, the Company completed a consolidation of its common shares at a ratio of one new share for every four old shares. Consequently, all share and per share amounts in these financial statements have been restated to reflect the share consolidation.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company had cash of $105,330, working capital of $33,820, deficit of $4,174,691, cash outflow from operations of $572,138 and losses of $1,171,060 as at and for the year ended December 31, 2018. In February 2018, Company transferred all of its oil properties to its wholly-owned subsidiary, Roughrider Capital Corp. ("Roughrider"), and then subsequently completed a plan of arrangement wherein it distributed all of the shares of Roughrider to the shareholders of the Company. As a result, the Company's business focus moving forward is to acquire and explore energy metal properties of merit. The Company has no current source of revenues. Several adverse conditions and material uncertainties, including low oil prices and the spin out of the Company's current operating assets subsequent to year-end, cast significant doubt upon the going concern assumption.

The above conditions cast significant doubt on the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. If for any reason, the Company is unable to maintain cash flows and continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's consolidated financial statements and such adjustments could be material.

2. Basis of Preparation

Statement of compliance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These audited annual consolidated financial statements were approved for issue by the Company's Board of Directors on April 30, 2019.

Basis of measurement

All references to dollar amounts in these financial statements and related notes are in Canadian dollars, unless otherwise indicated.

These financial statements have been prepared on a historical cost basis.

2. Basis of Preparation (continued)

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The following areas required a significant degree of estimation and judgment:

Impairment indicators and calculation of impairment

At each reporting date, the Company assesses whether or not there are circumstances that indicate a possibility that the carrying values of oil properties, exploration and evaluation assets and equipment are not recoverable, or impaired. Such circumstances include incidents of deterioration of commodity prices, changes in the regulatory environment, or a reduction in estimates of proved and probable reserves. When management judges that circumstances indicate impairment, the related assets are tested for impairment by comparing the carrying values to their recoverable amounts. The recoverable amounts of cash generating units are determined based on the higher of value in use calculations and fair values less costs of disposal. These calculations require the use of estimates and assumptions that are subject to changes as new information becomes available including information on future commodity prices, expected production volumes, quantity of reserves, discount rates, as well as future development and operating costs.

Fair value of spin out

For the distribution of the shares of Roughrider to the shareholders of the Company, the Company must determine the fair value of the net assets of Roughrider as at the date of distribution. These calculations require the use of estimates particular in relation to the oil properties that were held by Roughrider.

2. Basis of Preparation (continued)

***Significant Accounting Judgments, Estimates and Assumptions** (continued)*

Valuation of shares issued for exploration and evaluation assets

Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. The Company estimated the value of the shares issued for exploration and evaluation assets based on the trading price as at the date of issuance. It was also determined that any voluntary trading restrictions that were imposed had no significant impact on the valuation of shares issued.

Valuation of shares issued for debt

Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. The Company estimated the value of the shares issued for debt based on the value of the services received.

Assets held for spin-off

In 2017, the Company announced the proposed spin out of Roughrider Capital Corp., its wholly-owned subsidiary and holder of certain oil assets in southeastern Saskatchewan. Following the guidance under IFRS 5, *"Non-current assets held for sale and discontinued operations"*, management applied judgement to determine the classification of these assets as at December 31, 2017. In concluding its judgement, management evaluated the continued commitment management to complete the spinout, the likelihood of shareholders' and regulatory approval as well as the likelihood of completing the transaction within one year from the period end. Management has assessed that the assets should be classified as held for sale as at December 31, 2017 and qualify as discontinued operations.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

3. Summary of Significant Accounting Policies

Basis of consolidation

The consolidated financial statements include the accounts of the Company's wholly-owned subsidiary, Roughrider Capital Corp. ("Roughrider") up until March 12, 2018 when the shares of Roughrider were spun-off to the shareholders of the Company. All intercompany transactions and balances are eliminated upon consolidation. As at December 31, 2018, the Company had no subsidiaries.

3. Summary of Significant Accounting Policies (continued)

Foreign currency translation

The functional currency of the Company and its subsidiary is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is also the functional currency of the Company and its subsidiary.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the consolidated statement of loss and comprehensive loss in "general and administrative".

Oil properties

Oil properties are stated at cost, less accumulated depletion and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, and any costs directly attributable to bringing the asset into operation and decommissioning costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Where commercial production in an area of interest has commenced, oil properties are depleted on a unit-of-production basis over the proved reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved reserves of the relevant area. The unit-of-production rate for the depletion of field development costs takes into account expenditures incurred to date, together with future development expenditures to develop the proved reserves. Changes in factors such as estimates of proved reserves that affect unit-of-production calculations are dealt with on a prospective basis.

Loss per share

Basic net loss per share is calculated by dividing the net loss of the Company by the weighted average number of common shares outstanding during the year. Diluted net loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. The treasury stock method assumes that proceeds received from the exercise of in-the-money stock options are used to repurchase common shares at the average market price.

3. **Summary of Significant Accounting Policies** (continued)

Joint arrangements

The Company conducts many of its petroleum activities through jointly controlled operations and the financial statements reflect only the Company's proportionate interest in such activities.

Joint control exists for contractual arrangements governing the Company's assets whereby the Company has less than 100% working interest, all of the partners have control of the arrangement collectively, and spending on the project requires unanimous consent of all parties that collectively control the arrangement and share the associate risks. The Company does not have any joint arrangements that are structured through joint venture arrangements.

Share based payments

The Company has a stock option plan. Share based payments are measured at the fair value of the instruments issued and recognized immediately upon vesting. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes 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 options granted shall be based on the number of options that eventually vest. If and when stock options are ultimately exercised, the amount of cash received as well as the applicable amount of the associated reserve is transferred to share capital.

Exploration and evaluation assets

Costs related to the acquisition of exploration and evaluation assets are capitalized by property. Costs related to the exploration and evaluation of exploration and evaluation assets and any costs incurred before the Company has obtained the legal rights to explore an area are recognized through profit or loss. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are first tested for impairment and then reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their recoverable amount. Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

3. Summary of Significant Accounting Policies (continued)

Impairment of long lived assets

The carrying amount of the Company's assets is reviewed for indicators of impairment each reporting date. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal ("FVLCD").

FVLCD is defined as the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The Company calculates FVLCD by reference to the after-tax future cash flows expected to be derived from production of proved plus probable reserves, less estimated selling costs. The estimated after-tax future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. If an impairment loss exists, then it is recorded as an expense immediately.

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. An impairment loss cannot be reversed to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Income taxes

Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity.

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 jurisdictions where the Company operates and generates taxable income.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Summary of Significant Accounting Policies (continued)

Decommissioning provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of well sites is capitalized to oil and gas properties along with a corresponding increase in the restoration provision in the period incurred. The Company uses a pre-tax discount rate that reflects the time value of money to calculate the net present value of the decommissioning provisions. The restoration asset will be depreciated on the same basis as other oil and gas properties.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to oil and gas properties with a corresponding entry to the restoration provision, except when the related oil and gas property is closed or the carrying value has been reduced to a $nil value. Changes in estimates of restoration costs for closed oil and gas properties are recorded in the income statement. The Company's estimates are reviewed each reporting date for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

The restoration provisions are accreted to full value over time through charges to finance expenses on the consolidated statement of loss and comprehensive loss.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred.

Newly adopted accounting standards

IFRS 9, Financial instruments

Effective January 1, 2018, the Company adopted IFRS 9, Financial Instruments ("IFRS 9"). IFRS 9 provides three different measurement categories for non-derivative financial assets – subsequently measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income – while all non-derivative financial liabilities are classified as subsequently measured at amortized cost. The category into which a financial asset is placed and the resultant accounting treatment is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially recognized at fair value.

The adoption of the new standard did not have a material impact on the measurement of the Company's financial statements; however additional disclosures have been provided.

3. Summary of Significant Accounting Policies (continued)

Financial assets

The Company initially recognizes financial assets at fair value on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies all of its financial assets as subsequently measured at amortized cost. All financial assets that do not meet the criteria to be recognized as subsequently measured at amortized cost or subsequently measured at fair value through other comprehensive income are classified as FVTPL.

Financial liabilities

The Company measures all of its financial liabilities as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

IFRS 15, Revenue from Contracts with Customers

This new standard is based on the principle that revenue should be recognized to depict the transfer of goods or services to customers at an amount that the entity expects it will be entitled to in exchange for those goods.

IFRS 15 introduces a new five step model for the recognition of revenue based on when control of a good or service transfers to a customer. The notion of control replaces the existing notion of risks and rewards and could result in changes in the timing of revenue recognition for certain contracts.

The adoption of the new standard did not have a material impact on the Company’s financial statements. For crude oil, the transfer of control over oil and the associated pricing both generally occur at the time the product reaches a trucking terminal or pipeline. Revenue is measured net of discounts.

3. Summary of Significant Accounting Policies (continued)

Accounting Standards Issued But Not Yet Effective

Standards issued but not yet effective are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt this standard when it become effective.

New standards, amendments and interpretations to existing standards

The following standard has been issued for annual periods beginning on or after January 1, 2019 but are not yet effective:

IFRS 16, Leases

This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of earnings will be recognized on the balance sheet.

The purpose of the standard is to provide users of the financial statements with a more accurate picture of a company's leased assets and associated liabilities, while also improving the comparability of companies that lease assets to those that purchase them.

The adoption of this standard is not expected to have a material impact on the Company's financial statements.

4. Reclamation Deposits

The Company had a reclamation bond having a value of $33,058 ($20,000 Well and $13,058 Battery) that was fully refunded in March 2018 by Saskatchewan Industry and Resources in connection with the transfer of the Company's oil assets to Roughrider.

5. Exploration and Evaluation Assets

Temiskaming and Fabre, Quebec

On April 6, 2017, the Company acquired a 100% interest in the Temiskaming and Fabre Cobalt - Silver property ("TFC Property") located in Quebec's Fabre township in exchange for 662,500 common shares of the Company, which were valued at $397,500.

(Expressed in Canadian dollars)

5. Exploration and Evaluation Assets (continued)

The Company incurred $529 (2017 - $856) in exploration expenditures during the year ended December 31, 2018.

During the year ended December 31, 2018, the Company decided to abandon the TFC Property. Accordingly, the Company recorded a write-off of exploration and evaluation assets of $398,885.

Lac Saint Simon, Quebec

On June 1, 2017, the Company acquired a 100% interest in the Lac Saint Simon lithium property located in west-central Quebec in exchange for 625,000 common shares of the Company which were valued at $325,000.

The Company incurred $2,241 (2017 - $Nil) in exploration expenditures during the year ended December 31, 2018.

During the year ended December 31, 2018, the Company reviewed the carrying value of its exploration and evaluation assets and determined there were impairment indicators present. The Company was unable to raise sufficient capital with which to explore the properties and as a result was unable to advance the development of the properties in any meaningful way. Accordingly, the Company recorded an impairment loss of $327,240 to reduce the carrying value to a nominal amount of $1.

6. Accounts Payables and Accrued Liabilities

	2018	2017
	($)	($)
Trade payables	11,770	12,134
Related party payables	55,229	3,343
Accrued liabilities	14,500	28,250
	81,499	43,727

7. Related Party Transactions

Key management includes the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), directors and companies controlled by them. The Company incurred the following transactions with key management of the Company during the years ended December 31, 2018 and 2017.

Key management compensation

	2018	2017
	($)	($)
Management and director fees paid or accrued to the CEO or a corporation controlled by the CEO of the Company	12,000	12,000
Professional and director fees paid or accrued to the CFO or a corporation controlled by the CFO of the Company	75,774	46,500
Consulting and director fees paid to a former director or corporations controlled by a former director of the Company	81,812	12,000
Director fees paid or accrued to two independent directors of the Company	23,000	12,000
	192,586	82,500

(Expressed in Canadian dollars)

7. Related Party Transactions (continued)

Other related party transactions

	2018	2017
	($)	($)
Mineral royalties on Well #4 that were paid or accrued to the CEO of the Company	398	1,750

a) As at December 31, 2018, a total of $5,000 (2017 - $343) was included in accounts payable and accrued liabilities as owing to the CEO of the Company and a corporation controlled by the CEO for mineral royalties and director fees.

b) As at December 31, 2018, a total of $5,000 (2017 - $Nil) was included in accounts payable and accrued liabilities as owing to the CFO of the Company for director fees and reimbursable expenses.

c) As at December 31, 2018, a total of $10,000 (2017 - $3,000) was included in accounts payable and accrued liabilities as owing to two independent directors of the Company for director fees.

d) As at December 31, 2018, a total of $35,229 (2017 - $Nil) was included in accounts payable and accrued liabilities as owing to a corporation that shares management in common pursuant to a short term non-interest bearing loan.

8. Share Capital

Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preference shares without par value.

Issued share capital

There are no preferred shares issued or outstanding.

<u>Year ended December 31, 2018</u>

On August 1, 2018, the Company issued 4,500,000 common shares at $0.1125 per share pursuant to a non-brokered private placement for gross proceeds of $506,250. The Company paid $3,281 in share issuance costs in connection with the placement.

<u>Year ended December 31, 2017</u>

a) the Company issued 1,500,000 common shares at $0.20 per share pursuant to a non-brokered private placement for gross proceeds of $300,000.

b) the Company issued 240,783 common shares as consideration for the settlement of $72,235 in related party debt.

c) the Company issued 662,500 common shares with a value of $397,500 to acquire the Temiskaming Fabre property.

d) the Company issued 625,000 common shares with a value of $325,000 to acquire the Lac Saint Simon property.

8. Share Capital (continued)

Stock options

The Company has adopted a fixed incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a variable period from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company.

There was no stock option activity during the years ended December 31, 2018 or 2017.

As at December 31, 2018, there are 155,000 (2017 – 155,000) incentive stock options outstanding and exercisable at an exercise price of $0.40 per share until April 7, 2019. All of these options expired in 2019 without being exercised.

9. Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided 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 majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its accounts receivable and other receivables. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

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 prepares general operating budget to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company uses its best efforts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

9. Financial Risk Management (continued)

The Company's financial liabilities consist of accounts payable and accrued liabilities, all of which are due within twelve months.

Historically and prior to the spin out of the oil and gas assets, the Company's main source of funding has been through revenue earned from its operating well interests and the issuance of equity securities for cash. The Company's access to financing in the public markets is always uncertain. There can be no assurance of continued access to significant equity funding. See note 1.

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 exposed to interest rate risk on its short-term investments as they are exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would not have a material impact on the Company's net loss.

Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of assets and future cash flows will fluctuate as a result of changes in foreign currency exchange rates. However, the Company's functional currency is the Canadian dollar and the Company doesn't have any material assets or operations that are denominated in a foreign currency. Accordingly, the Company is not exposed to any material foreign exchange risk and has not hedged its limited exposure to currency fluctuations.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets.

The Company is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2018.

(Expressed in Canadian dollars)

9. Financial Risk Management (continued)

Classification of financial instruments

Financial assets included in the statement of financial position are cash, short term investments, a reclamation bond, and accounts receivable. Financial liabilities included in the statement of financial position are accounts payable and accrued liabilities. The fair value of the Company's financial assets and liabilities approximates the carrying amount due to their short term to maturity, and the effect of changes in the Company's credit risk do not have a significant impact on the fair value due to the short term to maturity.

10. Segmented Information

The Company operates in a single reportable operating segment being the acquisition, exploration and development of mineral resources properties.

The Company operates in one geographic segment located in Canada.

11. Income Tax

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before taxes. These differences result from the following items:

	2018 ($)	2017 ($)
Loss before income taxes	(1,171,060)	(224,855)
Canadian federal and provincial income tax rates	27.00%	26.50%
Income tax recovery based on the above rates	(316,186)	(59,587)
Increase (decrease) due to:		
Non-deductible items	(69,453)	335
Deferred tax effect of Spin out	32,163	8
Differences in long term tax rates	(1,886)	(12,556)
Tax effect of tax losses and temporary differences not recognized	355,362	71,800
Income tax (recovery) expense	-	-

(Expressed in Canadian dollars)

11. Income Tax (continued)

The components of deferred income taxes are as follows:

	2018	2017
	($)	($)
Deferred income tax assets		
Decommissioning provisions	-	32,079
Non-capital losses	650,944	462,689
Property, plant, equipment and other	381,391	69,918
Share issuance costs	709	-
Oil properties	-	112,996
Total deferred income tax assets	1,033,044	677,682
Unrecognized deferred tax asset	(1,033,044)	(677,682)

In assigning the realization of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

The Company has non-capital loss carry-forwards of approximately $2,152,368 that may be available for tax purposes. The loss carry-forwards are all in respect of its Canadian operations and expire as follows:

Year	Amount
	($)
2029	245,116
2030	11,641
2031	401,114
2032	48,157
2033	281,888
2034	353,600
2035	164,572
2036	60,083
2037	147,493
2038	438,705
	2,152,368

(Expressed in Canadian dollars)

12. Supplemental Cash Flow Information

	2018	2017
	($)	($)
Non-cash investing and financing activities:		
Common shares issued to settle accounts payable owing to related parties	-	72,235
Common shares issued to acquire exploration and evaluation assets	-	722,500
The Company distributed 15,195,698 common shares of Roughrider Capital Corp. to the shareholders of the Company	569,147	
Interest paid during the year	-	-
Income taxes paid during the year	-	-

13. Spin Off of Roughrider Capital Corp.

The assets and liabilities that were transferred to Roughrider in 2018 are classified as discontinued operations and classified on the statement of financial position as assets / liabilities held for spin-off ("Spin-Off") as at December 31, 2017. A breakdown of these assets and liabilities as at December 31, 2017 is as follows:

	2017
	($)
Current assets	
Cash	75,000
Prepaid expenses	2,104
Accounts receivable	49,040
Long-term assets	
Oil properties	333,279
Current liabilities	
Accounts payable	(34,975)
Long-term liabilities	
Decommissioning provisions	(118,810)
Net assets	305,638

(Expressed in Canadian dollars)

13. Spin Off of Roughrider Capital Corp. (continued)

The net loss from the oil and gas assets that were subsequently transferred to Roughrider have been reclassified to discontinued operations for the years ended December 31, 2018 and 2017 as follows:

	2018	2017
	($)	($)
Revenues		
Oil sales	57,260	325,068
Royalties and freehold mineral tax	(10,738)	(53,802)
Expenses		
Change in decommissioning estimate	-	1,285
General and administrative	(138,148)	(182,126)
Recovery (impairment) of oil property	-	(11,403)
Operating expenses	(26,680)	(226,841)
Other Items		
Finance expense	(452)	(2,306)
Interest income	119	499
Net loss from discontinued operations	(118,639)	(149,626)

The common shares of Roughrider were distributed to the shareholders of the Company on March 12, 2018. In accordance with IFRIC 17, Distributions of Non-cash Assets to Owners, the Company recognized the distribution of net assets to its shareholders at fair value with the difference between that value and the carrying amount of the net assets recognized in the statement of comprehensive income. The gain on the spin out was determined as follows:

	March 12, 2018
	($)
Cash	74,418
Prepaid expenses	6,776
Accounts receivable	8,857
Oil properties	324,307
Loan receivable	(7,495)
Accounts payable	(7,702)
Decommissioning provisions	(119,235)
Book value of net assets	279,926
Fair value of net Assets	569,147
Gain on Spin-off of Roughrider Capital Corp.	289,221

14. Subsequent Event

On April 7, 2019 a total of 155,000 stock options expired without being exercised.