

**MICRON WASTE TECHNOLOGIES INC.
(FORMERLY FINORE MINING INC.)**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS DECEMBER 31, 2017 AND 2016

(Expressed in Canadian dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Micron Waste Technologies Inc. (formerly Finore Mining Inc., “the Company”) are the responsibility of the Company’s management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and reflect management’s best estimates and judgments based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company’s assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls through its Audit Committee, which is comprised of non-management directors. The Audit Committee reviews the results of the audit and the annual consolidated financial statements prior to their submission to the Board of Directors for approval.

“Rav Mlait” (signed)

Rav Mlait
Director

“Kal Malhi” (signed)

Kal Malhi
Director

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MICRON WASTE TECHNOLOGIES INC.

We have audited the accompanying consolidated financial statements of Micron Waste Technologies Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity (deficiency) 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 about whether the consolidated financial statements are free from 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 auditors' 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 in our audits 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 Micron Waste Technologies Inc. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 26, 2018

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MICRON WASTE TECHNOLOGIES INC.
(FORMERLY FINORE MINING INC.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at December 31	Notes	2017	2016
ASSETS			
Current assets			
Cash and cash equivalents		\$ 4,577,910	\$ 33,095
Accounts receivable		62,411	12,287
Prepaid expenses	5	178,330	-
Asset held for sale	6	389,150	-
Total current assets		5,207,801	45,382
Non-current assets			
Deposits	5	7,500	-
Property and equipment	7	13,280	4,284
Development assets	8	146,425	120,620
Deferred assets	9	405,582	-
Total non-current assets		572,787	124,904
TOTAL ASSETS		\$ 5,780,588	\$ 170,286
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 56,997	\$ 402,078
Accounts payable for asset held for sale	6	61,725	-
Total liabilities		118,722	402,078
Shareholders' equity (deficiency)			
Share capital	10	11,972,859	100,000
Subscription received	10	12,500	-
Reserves	10	2,444,709	-
Deficit		(8,768,202)	(331,792)
Total shareholders' equity (deficiency)		5,661,866	(231,792)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		\$ 5,780,588	\$ 170,286

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

Approved and authorized for issue by the Board of Directors on April 26, 2018.

"Rav Mlait"

Rav Mlait, Director

"Kal Malhi"

Kal Malhi, Director

MICRON WASTE TECHNOLOGIES INC.
(FORMERLY FINORE MINING INC.)
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

Year ended December 31	Note	2017	2016
General and Administrative Expenses			
Amortization	7	\$ 2,751	\$ 1,491
Business development		271,259	5,577
Consulting fees	11	547,603	216,667
Office and general		53,759	3,453
Professional fees		95,955	14,029
Repairs and maintenance		44,296	19,458
Share-based payment	10	916,480	-
Shipping, freight and delivery		9,513	8,114
Subcontract		-	1,000
Supplies		24,295	3,112
Transfer agent and filing fees		56,553	-
Loss from operations		2,022,464	272,901
Interest income		(1,824)	-
Foreign exchange gain		(3,869)	-
Transaction expense	4	6,572,801	-
Loss and comprehensive loss from continuing operations		8,589,572	272,901
Income and comprehensive income from discontinued operations	6	(153,162)	-
Loss and comprehensive loss for the year		\$ 8,436,410	\$ 272,901
Basic and diluted loss per share – Continuing operations		\$ 0.33	\$ 0.14
Basic and diluted income per share – Discontinued operations		\$ 0.01	\$ -
Weighted average number of common shares outstanding		25,936,916	2,000,000

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

MICRON WASTE TECHNOLOGIES INC.
(FORMERLY FINORE MINING INC.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Issue Costs	Option Reserve	Warrant Reserve	Share Subscription	Deficit	Total
Balance – December 31, 2015	2,000,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ (58,891)	\$ 41,109
Loss and comprehensive loss for the year	-	-	-	-	-	-	(272,901)	(272,901)
Balance – December 31, 2016	2,000,000	\$ 100,000	-	\$ -	\$ -	\$ -	\$ (331,792)	\$ (231,792)
Shares issued for cash	14,877,000	2,904,250	-	-	-	-	-	2,904,250
Shares issued to settle debt	8,000,000	400,000	-	-	-	-	-	400,000
Shares issued pursuant to patent acquisition	4,000,000	400,000	-	-	-	-	-	400,000
Share issue costs – Agent warrants	-	-	(17,222)	-	17,222	-	-	-
Share issue costs	-	-	(75,097)	-	-	-	-	(75,097)
Issuance of shares on reverse acquisition (note 4)	31,386,765	7,846,691	-	-	-	-	-	7,846,691
Value of replacement warrants on reverse acquisition (note 4)	-	-	-	-	1,548,837	-	-	1,548,837
Value of replacement options on reverse acquisition (note 4)	-	-	-	45,080	-	-	-	45,080
Shares issued – warrants exercised	1,075,633	331,327	-	-	-	-	-	331,327
Reclassification from warrant reserve to share capital	-	82,910	-	-	(82,910)	-	-	-
Subscription received – warrants	-	-	-	-	-	12,500	-	12,500
Share-based compensation	-	-	-	916,480	-	-	-	916,480
Loss and comprehensive loss for the year	-	-	-	-	-	-	(8,436,410)	(8,436,410)
Balance – December 31, 2017	61,339,398	\$ 12,065,178	(92,319)	\$ 961,560	\$ 1,483,149	\$ 12,500	\$ (8,768,202)	\$ 5,661,866

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

MICRON WASTE TECHNOLOGIES INC.
(FORMERLY FINORE MINING INC.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Year ended December 31	2017	2016
Operating Activities		
Net loss for the year from continuing operations	\$ (8,589,572)	\$ (272,901)
Items not involving the use of cash		
Amortization	2,751	1,491
Share-based payment	916,480	-
Unrealized foreign exchange loss	15,091	-
Transaction expense (note 4)	6,499,612	-
Changes in non-cash working capital		
Increase in accounts receivable	(60,354)	(9,593)
Increase in prepaid expenses	(159,510)	-
Increase in deposits	(7,500)	-
Increase in accounts payable and accrued liabilities	13,949	70,428
Operating cash flows from continuing operations	(1,369,053)	(210,575)
Operating cash flows from discontinued operations (note 6)	12,774	-
Net cash used in operating activities	(1,356,279)	(210,575)
Investing Activities		
Cash acquired from reverse acquisition (note 4)	2,786,339	-
Additions to property and equipment	(11,747)	(428)
Additions to development assets	(25,805)	(63,743)
Additions to deferred assets	(5,582)	-
Net cash provided by (used in) investing activities from continuing operations	2,743,205	(64,171)
Financing Activities		
Net proceeds from issuance of shares	2,829,153	-
Subscription received - warrants	12,500	-
Proceeds from warrants exercised	331,327	-
Advances from related party	-	278,000
Net cash provided by financing activities from continuing operations	3,172,980	278,000
Foreign exchange effect on cash	(15,091)	-
Increase in cash and cash equivalents	4,544,815	3,254
Cash and cash equivalents, beginning of year	33,095	29,841
Cash and cash equivalents, end of year	\$ 4,577,910	\$ 33,095
Supplemental cash flow information		
Non-cash investing activities:		
Shares issued for patent-pending technology acquisition	\$ 400,000	\$ -
Non-cash financing activities:		
Fair value of agent warrants issued	\$ 17,222	\$ -
Shares issued for debt settlement	\$ 400,000	\$ -
Shares issued on reverse acquisition (note 4)	\$ 7,846,691	\$ -
Reclassification from warrant reserve to share capital	\$ 82,910	\$ -

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

MICRON WASTE TECHNOLOGIES INC.
(FORMERLY FINORE MINING INC.)
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars, unless stated otherwise)

1. NATURE OF OPERATIONS AND GOING CONCERN

Micron Waste Technologies Inc., formerly Finore Mining Inc., (the “Company”, “Micron” or “Finore”), was incorporated on November 29, 2006 pursuant to the *Business Corporations Act*, British Columbia. The Company’s principal business activity has been the exploration of exploration and evaluation assets. On September 26, 2011, the Company changed its name from Otterburn Ventures Inc. to Finore Mining Inc. and the Company’s common shares began trading on the Canadian National Stock Exchange, now known as Canadian Securities Exchange (“CSE”) under the symbol of “FIN”. Effective January 1, 2014, the Company ceased trading on the OTC market.

The head office, principal address and registered office of the Company are located at Suite 915, 700 West Pender Street, Vancouver, B.C., V6C 1G8.

On June 2, 2017, Finore and a private British Columbia company named Micron Waste Technologies Inc. (“Privateco”) entered into an Amalgamation Agreement (“Agreement”). Privateco was incorporated on July 20, 2015 as “Effluent Water Technologies Inc.” under the *Business Corporations Act*, British Columbia. On November 15, 2016, it changed its name to “Micron Waste Technologies Inc.”. The Agreement was structured as a three-cornered amalgamation whereby Privateco was amalgamated with a newly incorporated British Columbia subsidiary of Finore (“Subco”), forming Amalco. The amalgamation resulted in all the issued and outstanding shares of Privateco and Subco being exchanged for common shares of the Company.

The amalgamation transaction (the “Transaction”) was completed on October 19, 2017 (the “Transaction Date”). Upon completion of the Transaction, Finore completed a consolidation of the Finore Shares (the “Consolidation”) on the basis of one post-consolidated Finore Share (the “Resulting Issuer Share”, “New Micron Share”) for every two pre-consolidation Finore Shares and changed its name from “Finore Mining Inc.” to “Micron Waste Technologies Inc.” The shareholders of Privateco received one New Micron Share for each Privateco Share. The Company’s common shares began trading on the CSE on October 26, 2017 under the new symbol of “MWM”.

On December 5, 2017, Amalco changed its name to Micron Technologies Holding Inc. (“Micron Holding”).

Upon the completion of the Consolidation, 62,773,521 of Finore Shares were consolidated into 31,386,765 New Micron Shares. Pursuant to the Transaction, the Company issued to the shareholders of Privateco an aggregate of 28,877,000 New Micron Shares. On October 19, 2017, the Company had 60,263,765 New Micron Shares issued and outstanding, without giving effect to:

- (1) warrants to purchase 27,044,200 New Micron Shares pursuant to the outstanding common share warrants of Privateco (including 167,200 finders’ warrants);
- (2) warrants to purchase 17,404,870 New Micron Shares pursuant to the outstanding common share purchase warrants of Finore (the result of consolidating 34,809,739 Finore warrants on the basis of one New Micron warrant for every two pre-consolidation Finore warrants held.);
- (3) options to purchase 500,000 New Micron Shares pursuant to the outstanding stock option of Finore (the result of consolidating 1,000,000 Finore options on the basis of one New Micron option for every two pre-consolidation Finore options held).

The Transaction constituted a reverse takeover by Privateco.

Prior to the Transaction, the Company was primarily engaged in the exploration for, and the development of, mineral properties with gold, copper, nickel, and other minerals.

MICRON WASTE TECHNOLOGIES INC.
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Notes to Consolidated Financial Statements
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1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

After the Transaction, the Company carries on the business of Privateco, as a technology company engaged in the development and commercialization of an on-site treatment system that can turn organic waste into clean water that meets municipal effluent discharge standards.

The Company has an accumulated deficit of \$8,768,202 (December 31, 2016 – \$331,792). These consolidated financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. However, there are material uncertainties that cast significant doubt on the Company’s ability to continue as a going concern.

The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations and the ability of the Company to raise additional capital. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. Management anticipates that the Company will continue to raise adequate funding through equity or debt financings. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. The Company estimates it will have sufficient capital to continue operations for the upcoming year.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). They have been prepared on a historical cost basis, except for certain financial instruments, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

These consolidated financial statements represent the continuation of the business of Privateco, the accounting acquirer. The results of operations of Finore have been consolidated from the Transaction Date.

The significant accounting policies set out in note 3 have been applied consistently to the periods presented.

Approval of the consolidated financial statements

The consolidated financial statements of the Company for the year ended December 31, 2017 were approved and authorized for issuance by the Board of Directors on April 26, 2018.

MICRON WASTE TECHNOLOGIES INC.
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Notes to Consolidated Financial Statements
For the Years Ended December 31, 2017 and 2016
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3. SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

The Company's reporting and functional currency is the Canadian dollar ("CAD"). Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction, except amortization, which is translated at the rates of exchange applicable to the related assets. Monetary assets and liabilities that are denominated in foreign currencies are translated at the exchange rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the initial transaction. Non-monetary items that are measured at fair values are reported at the exchange rate on the date when fair values are determined.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Micron Holding and Nortec Minerals OY ("NMO") in Finland that holds the title to the Läntinen Koillismaa Project (the "LK Project"). Subsidiaries are consolidated from the date of acquisition being the date that the Company obtains control. All intercompany transactions and balances have been eliminated on consolidation. As a result of the reverse acquisition described in note 4, the accounting acquirer is deemed to be Micron Holding.

A wholly owned subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Cash and Cash Equivalents

Cash includes deposits held with banks that are available on demand. Cash equivalents are financial instruments that are readily convertible to a known amount of cash immediately and are subject to insignificant changes in value.

Property and Equipment

On initial recognition, property and equipment are valued 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.

Property and equipment are subsequently measured at cost less accumulated amortization, less any accumulated impairment losses.

The Company utilizes the declining balance method of amortization. The amortization rates applicable to each category of property and equipment are as follows;

Computer equipment	30%
Furniture	20%

Where an item of property and equipment comprises significant components with different useful lives, the components are accounted for as separate items of plant and equipment.

The depreciation method, useful life and residual values are assessed annually.

MICRON WASTE TECHNOLOGIES INC.
(FORMERLY FINORE MINING INC.)
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars, unless stated otherwise)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Development Assets

Development assets include costs associated with the Company's internally developed machines, which are measured at cost less accumulated amortization and accumulated impairment losses. Costs include equipment, tools and systems that are purchased or developed to build the development assets.

Development assets are amortized at 30% using the declining-balance method. Amortization is not considered for development assets when not in use.

Exploration and Evaluation Assets

The Company's wholly owned Finnish subsidiary is in the exploration stage. All costs relating to the acquisition of, exploration for and development of mineral claims are capitalized and any incidental revenues received are credited against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to profit or loss at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, they are charged to income (loss).

Research and Development Expenditures

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Expenditures capitalized may include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use – also see abovementioned Development Assets. Other development expenditures are recognized in profit or loss as incurred.

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss when incurred.

Intangible Assets

Intangible assets can be capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Intangible assets include the patent pending technology acquired by the Company and the patent application costs associated with this internally generated intangible asset. To determine if the future economic benefit is probable depends on the likelihood of the patent application success and that in turn depends on the management's judgement and knowledge.

Assessment for indicators of impairment are performed at the end of every reporting period. If there are indicators of impairment, impairment losses are recognized in profit or loss when incurred.

MICRON WASTE TECHNOLOGIES INC.
(FORMERLY FINORE MINING INC.)
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2017 and 2016
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets (Continued)

Amortization on an intangible asset begins once the asset is available for use. To date, none of the Company's intangible assets have been available for use.

Deferred Assets

Deferred assets represent costs associated with the acquisition of the patent pending technology and the patent application are capitalized and are classified as deferred assets. They are measured on initial recognition at cost. Following initial recognition, these deferred assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. The useful lives of these deferred assets are assessed as either finite or indefinite.

Once the patent is approved and its useful life (expiry date) is set, the value of the patent will be amortized over its useful life.

Assessment for indicators of impairment are performed at the end of every reporting period. If there are indicators of impairment, impairment losses are recognized in profit or loss when incurred.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Share Capital

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 are classified as equity instruments.

Share-based Payment

The Company grants share options to acquire shares of the Company to directors, officers, employees and consultants. The fair value of options granted is recognized as share-based payments with a corresponding increase in option reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of share-based payments to employees is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based Payment (Continued)

Consideration received on the exercise of stock options is recorded as share capital and the related share-based expense reserve is transferred to share capital. For those options that expire or are cancelled, the recorded fair value in share-based expense reserve is transferred to deficit.

Warrants Issued in Equity Financing Transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the share issuance date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

From time to time in connection with private placements, the Company issues compensatory warrants to agents (“Agent Warrants”) as commission for services. Awards of Agent Warrants are accounted for in accordance with the fair value method of accounting and result in share issue costs and a credit to reserves when Agent Warrants are issued. The fair value of Agent Warrants is measured using the Black-Scholes option pricing model that requires the use of certain assumptions regarding the risk-free market interest rate, expected volatility in the price of the underlying stock, and expected life of the Agent Warrants.

Consideration received upon exercise of warrants is credited to share capital and the related residual value is transferred from warrant reserve to share capital. If warrants expire unexercised, the related fair value is transferred to deficit.

Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) attributable to common shareholders by the weighted average number of outstanding common shares for the period. Diluted earnings (loss) per share is calculated using the treasury stock method. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. Under the treasury stock method, the number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive. Diluted loss per share is equal to the basic loss per share as net losses were reported during years presented.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except for items recognized directly in equity or in other comprehensive income.

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(FORMERLY FINORE MINING INC.)
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2017 and 2016
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current and Deferred Income Taxes (Continued)

(a) Current Tax

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

(b) Deferred Tax

Deferred income tax is provided for based on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward or unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

(a) Financial Assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the financial instrument was acquired. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or if it is a derivative that is not designated and effective as a hedging instrument.

Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the intention and ability to hold to maturity. They are measured at amortized cost using the effective interest method less any impairment loss. A gain or loss is recognized in net income when the financial asset is derecognized or impaired, and through the amortization process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale, or that are not classified as loans and receivables, held-to-maturity investments, or FVTPL. They are measured at fair value. Fair value is determined based on market prices. Equity instruments that do not have a quoted market price in an active market are measured at cost. Unrealized gains and losses are recognized directly in other comprehensive income until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in accumulated other comprehensive income is recognized in net income for the year.

Loans and receivables

Loans and receivables 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 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.

The impairment loss on receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

(b) Financial Liabilities

Financial liabilities are classified as other financial liabilities or FVTPL, based on the purpose for which the liability was incurred.

FVTPL

Financial liabilities classified as FVTPL, include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost using the effective interest rate method. Any difference between the amount originally received, net of transaction costs, and the maturity amount is recognized in profit or loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

Impairment of Financial Assets

The Company assesses at the end of each reporting period whether a financial asset is impaired.

If there is objective evidence that there is an impairment loss on assets carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade and other receivables, a provision for impairment is made and an impairment loss is recognized in profit or loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are written off against the allowance account when they are assessed as uncollectible.

De-recognition of Financial Assets and Financial Liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of Non-financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, however the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Asset Held for Sale

Judgment is required in determining whether an asset meets the criteria for classification as “assets held for sale” in the consolidated statements of financial position. Criteria considered by management include the existence of and commitment to a plan to dispose of the assets, the expected selling price of the assets, the expected timeframe of the completion of the anticipated sale and the period of time any amounts have been classified within assets held for sale. The Company reviews the criteria for assets held for sale each quarter and reclassifies such assets to or from this financial position category as appropriate. In addition, there is a requirement to periodically evaluate and record assets held for sale at the lower of their carrying value and fair value less costs to sell.

Discontinued Operations

A discontinued operation is a component of the Company’s business, the operations and cash flows of which can be clearly distinguished from the rest of the Company, and which:

- (i) Represent a major line of business or geographical area of operations;
- (ii) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (iii) Is a subsidiary acquired exclusively with a view to re-sell.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discontinued Operations (Continued)

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statements of operations and comprehensive loss is restated as if the operation had been discontinued from the start of the comparative years presented.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of policies, the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

Actual outcomes could differ from these estimates, and as such, the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Following are the accounting policies subject to such judgments and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported results and financial position.

(a) Treatment of development assets

Costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the product is technically and economically feasible, the Company has the intention and ability to use the asset, and how the asset will generate future benefits. Management assesses the capitalization of development costs based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions.

Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. If new information becomes available and suggests future economic benefits are unlikely, the amount capitalized in excess over the recoverable value is written off to profit or loss in the period the new information becomes available.

At each reporting date, the Company assesses its development assets for possible impairment, to determine if there is any indication that the carrying amounts of the assets may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters. A material adjustment to the carrying value of the Company's development assets could arise as a result of changes to these estimates and assumptions.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Judgments, Estimates and Assumptions (Continued)

(b) Determination of control in the Acquisition

The determination of the acquirer in the Acquisition is subject to judgment and requires the Company to determine which party obtains control of the combining entities. Management applies judgment in determining control by assessing the following three factors: whether the Company has power over Privateco; whether the Company has exposure or rights to variable returns from its involvement with Privateco; and whether the Company has the ability to use its powers over Privateco to affect the amount of its returns. The substantive rights of outstanding share purchase warrants and stock options is also considered in these determinations. In exercising this judgment, management reviewed the representation on the Board of Directors and key management personnel, the party that initiated the transaction, and each of the entities' activities. Privateco was deemed to be the acquirer in the Acquisition.

In the acquisition of the Company, judgement was required to determine if the acquisition represented a business combination or an asset purchase. More specifically, management concluded that the Company did not represent a business as the assets were not an integrated set of activities with inputs, processes and outputs. The transaction was accounted for as a reverse acquisition and the difference between the fair value of net assets acquired and consideration paid was recorded as a transaction expense (Note 4). The fair value of the net assets were determined using estimates and judgements.

(c) Assets held for sale and discontinued operations

Judgment is required in determining whether an asset meets the criteria for classification as "assets held for sale" in the consolidated statements of financial position. Criteria considered by management include the existence of and commitment to a plan to dispose of the assets, the expected selling price of the assets, the expected timeframe of the completion of the anticipated sale and the period of time any amounts have been classified within assets held for sale. The Company reviews the criteria for assets held for sale each quarter and reclassifies such assets to or from this financial position category as appropriate. In addition, there is a requirement to periodically evaluate and record assets held for sale at the lower of their carrying value and fair value less costs to sell. Judgment is applied in determining whether disposal groups or cash generating unit represent a component of the entity, the results of which should be recorded in discontinued operations in the consolidated statements of operations and comprehensive loss and cash flows.

(d) Deferred income taxes

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the financial statements.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Judgments, Estimates and Assumptions (Continued)

(e) Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

New Accounting Pronouncements not yet adopted

The standards listed below include only those which the Company reasonably expects may be applicable to the Company in the current period and at a future date. The Company is currently assessing the impact of these future standards on the consolidated financial statements.

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*

Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*

When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*

An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting pronouncements not yet adopted (continued)

- *Hedge accounting:*

Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

Applicable to the Company's annual period beginning January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

This new standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue — Barter Transactions Involving Advertising Services*.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- Revenue is recognized based on a five-step model:
 1. Identify the contract with customer;
 2. Identify the performance obligations;
 3. Determine the transaction price;
 4. Allocate the transaction price to the performance obligations; and,
 5. Recognize revenue when (or as) the performance obligations are satisfied.
- New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The new standard is effective to the Company's annual period beginning January 1, 2018.

IFRS 16 Leases

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting pronouncements not yet adopted (continued)

- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Applicable to the Company's annual period beginning January 1, 2019.

4. REVERSE TAKEOVER

On June 2, 2017, Finore and Privateco entered into an Amalgamation Agreement. The Agreement was structured as a three-cornered amalgamation whereby Privateco was amalgamated with a newly incorporated British Columbia subsidiary of Finore ("Subco"), forming Amalco. The amalgamation resulted in all the issued and outstanding shares of Privateco and Subco being exchanged for common shares of the Company.

The Transaction was considered a reverse takeover since the legal acquiree's former shareholders control the consolidated entity after the completion of this transaction. Consequently, the legal acquiree is the accounting acquirer and the historical results of operations are those of Privateco.

At the time of the Transaction, Finore's assets consisted primarily of cash, and it did not have any processes capable of generating outputs; therefore, Finore did not meet the definition of a business. Accordingly, as Finore did not qualify as a business in accordance with IFRS 3 *Business Combinations*, the Transaction did not constitute a business combination; however, by analogy it has been accounted for as a reverse takeover. Therefore, Privateco, the legal subsidiary, has been treated as the accounting parent company, and Finore, the legal parent, has been treated as the accounting subsidiary in these consolidated financial statements. As Privateco was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values.

Upon completion of the Transaction, 62,773,521 of Finore Shares were consolidated into 31,386,765 Resulting Issuer Shares on the basis of one post-consolidated Resulting Issuer Share for every two pre-consolidation Finore Shares. The fair value of these consolidated Resulting Issuer shares of \$7,846,691 was based on an estimated fair value of approximately \$0.25 per share as at the Transaction date as per the terms of the latest non-brokered private placement of Privateco on June 1, 2017. In addition, the pre-amalgamation 17,404,870 Finore warrants and 500,000 Finore options remained outstanding and the fair value of these options and warrants on the acquisition date, determined using a Black-Scholes option pricing model, were included in the consideration paid by the Company.

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4. REVERSE TAKEOVER (Continued)

As the acquisition was not considered a business combination, the excess value of consideration paid over the net assets acquired together with the legal costs associated with the reverse takeover are expensed as a transaction expense in the consolidated statement of loss and comprehensive loss in accordance with IFRS 2 *Share-Based Payment*:

Shares of Micron deemed issued	\$ 7,846,691
Transaction cost	73,188
Fair value of Finore warrants	1,548,837
Fair value of Finore options	45,080
Total consideration paid	\$ 9,513,796
Net identifiable assets acquired:	
Cash and cash equivalents	2,786,339
Accounts receivable	2,543
Prepays	18,820
Assets held for sale	196,284
Accounts payable	(62,991)
	\$ 2,940,995
Total Transaction Expense	\$ 6,572,801

The Company uses the Black-Scholes option pricing model to determine the fair value of the replacement options and warrants granted with the following weighted average assumptions:

	2017
Expected life in years	1
Volatility	110.00%
Risk free rate	1.46%
Dividend yield	0.00%

5. PREPAID EXPENSES AND DEPOSITS

	December 31, 2017	December 31, 2016
Business development / Marketing	\$ 88,679	\$ -
Deposit – Development Machinery	8,666	-
Deposit - Rental	36,750	-
Office and general	9,682	-
Professional fees – Legal retainer	2,314	-
Repair and Maintenance	2,941	-
Transfer agent and filing fees / Shareholders communication	29,298	-
Total Prepaid Expenses	\$ 178,330	\$ -
Total Deposits	\$ 7,500	\$ -

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6. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

The Company signed a Share Purchase Agreement (the “SPA”) on January 31, 2017 with Nickel One Resources Inc. (“Nickel One”), a public company listed on the TSX Venture Exchange (the “TSX-V”), in connection with the acquisition by Nickel One of all of the issued and outstanding shares of Nortec Minerals Oy (“NMO”). NMO holds a 100% interest in the Lantinen Kollismaa Platinum Group Element-Copper project (the “LK Project”) located in north-central Finland.

Pursuant to the SPA, Nickel One will issue to Finore 5,000,000 common shares in the capital of Nickel One and will issue 2,500,000 common share purchase warrants exercisable to acquire 2,500,000 additional common shares of Nickel One at a price of \$0.12 per share for a period of 24 months from the closing of the SPA.

Most of the closing conditions of the SPA, including, completion of due diligence, the negotiation and signing of a definitive agreement, obtaining the approval of the respective boards, have been facilitated and met. The transaction remained subject to the approval of the TSX-V at December 31, 2017.

On October 19, 2017, Privateco acquired Finore and its wholly owned subsidiary, NMO. The NMO subsidiary was classified as held for sale on this date at a fair value of \$196,284. Additional expenditures incurred on the LK Project between the acquisition date and December 31, 2017 were capitalized. The Company also assessed the fair value less costs to sell and accordingly wrote up the carrying value from \$196,284 to \$389,150 at December 31, 2017, recognizing a gain on asset held for sale that was classified as income from discontinued operations.

The reclassified assets held for sale also meet the criteria for discontinued operations. Accordingly, the results of such operations are presented separately as discontinued operations in the consolidated statements of operations and comprehensive loss and statement of cash flows for the current and comparative periods.

Subsequent to December 31, 2017, the transaction with Nickel One was completed during the first quarter of 2018 (note 17).

The loss and comprehensive loss from the discontinued operations is comprised of the following:

Year ended December 31	2017	2016
Other expenses		
Change in fair value of assets held for sale	\$ (153,162)	\$ -
Income and comprehensive income from discontinued operations	\$ (153,162)	\$ -

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6. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

The cash flows from the discontinued operations for the year ended December 31, are as follows:

Year ended December 31	2017	2016
Operating Activities		
Net income from discontinued operations	\$ 153,162	\$ -
Non-cash items included in net loss		
Change in fair value of asset held for sale	(153,162)	-
Changes in non-cash working capital		
Decrease in accounts receivable	12,774	-
Operating cash flows from discontinued operations	\$ 12,774	\$ -

7. PROPERTY AND EQUIPMENT

	Furniture	Computer equipment	Total
Cost			
Balance at December 31, 2015	\$ 4,116	\$ 1,932	\$ 6,048
Additions	-	428	428
Balance at December 31, 2016	4,116	2,360	6,476
Additions	-	11,747	11,747
Balance at December 31, 2017	\$ 4,116	\$ 14,107	\$ 18,223
Accumulated Amortization			
Balance at December 31, 2015	\$ 411	\$ 290	\$ 701
Amortization expense	741	750	1,491
Balance at December 31, 2016	1,152	1,040	2,192
Amortization expense	593	2,158	2,751
Balance at December 31, 2017	\$ 1,745	\$ 3,198	\$ 4,943
Carrying Amounts			
December 31, 2016	\$ 2,964	\$ 1,320	\$ 4,284
December 31, 2017	\$ 2,371	\$ 10,909	\$ 13,280

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8. DEVELOPMENT ASSETS

Development assets comprise of prototype equipment, which the Company has constructed, that transforms organic waste into clean water and meets municipal effluent discharge standards.

Cost	
Balance at December 31, 2015	\$ 56,877
Additions	63,743
Balance at December 31, 2016	120,620
Additions	25,805
Balance at December 31, 2017	\$ 146,425
Accumulated Amortization	
Balance at December 31, 2015 – 2017 ⁽¹⁾	\$ -
Carrying Amounts	
December 31, 2016	\$ 120,620
December 31, 2017	\$ 146,425

(1) No amortization has been recognized to date as the development assets are not available for use.

9. DEFERRED ASSETS

On May 1, 2017, the Company entered into an agreement to acquire a patent pending technology, developed by a director of the Company, by issuing 4,000,000 units at \$0.10 per unit for a total fair value of \$400,000 (note 10). The Company has not yet received the approved patent; therefore, it is included in deferred assets.

As at December 31, 2017, the Company has incurred a total of \$5,582 in patent application costs. The likelihood of the application success is not known.

Amortization is not considered for these deferred assets until the application is successful and patent is received.

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10. SHARE CAPITAL AND RESERVES

Share Capital

(a) **Authorized:** Unlimited number of common shares without par value.

(b) **Issued and Outstanding:**

As part of the Amalgamation Agreement, the previously outstanding 62,773,521 Finore common shares were consolidated on a 2 for 1 basis into 31,386,765 Resulting Issuer common shares.

As at December 31, 2017, there were 61,339,398 (2016 – 2,000,000) common shares issued and outstanding. Details of common shares are as follows:

For the year ended December 31, 2017:

- On April 13, 2017, the Company issued 3,250,000 units at a price of \$0.05 per unit for net proceeds of \$162,500. The units are comprised of one common share and one transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company for a period of five years at a price of \$0.25. These warrants were allocated a fair value of \$nil using the residual value method.
- On the same date, the Company issued 8,000,000 units at \$0.05 per unit to settle amounts due to related parties of \$300,000 and accrued liabilities of \$100,000. The units are comprised of one common share and one transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company for a period of five years at a price of \$0.25. These warrants were allocated a fair value of \$nil.
- On May 1, 2017, the Company issued 4,000,000 units at a price of \$0.10 per unit to acquire the patent pending technology, developed by a director of the Company for a total fair value of \$400,000. The units are comprised of one common share and one transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company for a period of five years at a price of \$0.25. These warrants were allocated a fair value of \$nil.
- On May 1, 2017, the Company issued 1,100,000 units at a price of \$0.10 per unit for proceeds of \$110,000. The units are comprised of one common share and one transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company for a period of two years at a price of \$0.25. These warrants were allocated a fair value of \$nil using the residual value method.

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10. SHARE CAPITAL AND RESERVES (Continued)

Share Capital (Continued)

(b) Issued and Outstanding (Continued)

- On June 1, 2017, the Company closed a private placement for 10,527,000 units at a price of \$0.25 per unit for net proceeds of \$2,631,750. The units are comprised of one common share and one transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company for a period of two years at a price of \$0.50. These warrants were allocated a fair value of \$nil using the residual value method. In connection with the private placement, finders' fees of \$75,097 and 167,200 warrants with a fair value of \$17,222 were issued to a third party. The fair value of these agent warrants was estimated using the Black-Scholes option pricing model with the following assumptions:

	2017
Expected life in years	2
Volatility	110.00%
Risk free rate	0.75%
Dividend yield	0.00%

- On October 19, 2017, the Company issued 31,386,765 shares in connection with the reverse acquisition (note 4) - the result of consolidating Issuer shares on the basis of one Resulting Issuer share for every two pre-consolidation Issuer shares held. The Company also issued 17,404,870 Finore replacement warrants and 500,000 Finore replacement options. These were valued using a Black-Scholes option pricing model on the date of acquisition. The fair value was determined to be \$1,548,837 and \$45,080, respectively.
- During the year, the Company issued 1,075,633 shares for the exercise of warrants. The value allocated to these warrants when issued of \$82,910 was reclassified from reserves to share capital.
- On December 8, 2017, the Company received funds of \$12,500 for the exercise of 50,000 warrants. These shares were issued subsequent to December 31, 2017.

For the year ended December 31, 2016:

- As at December 31, 2016, there were 2,000,000 common shares issued and outstanding. There were no common shares issued during the year ended December 31, 2016.

(c) Escrow Shares

Pursuant to the policies of the CSE, an escrow agreement was entered into prior to the closing of the reverse acquisition (note 4). There were 8,263,500 shares held in escrow.

826,350 common shares, which represented 10% of the escrow shares, were released from escrow on the Transaction Date. As at December 31, 2017, the Company had 7,337,150 (2016 – nil) common shares held in escrow.

Under the escrow agreement, the remaining shares held in escrow will be released from escrow in fifteen percent tranches during consecutive six-month intervals over a 36-month period following the Transaction Date.

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10. SHARE CAPITAL AND RESERVES (Continued)

Share Purchase Warrants

The changes in warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2016 and 2015	-	\$ -
Issued	27,044,200	0.35
Issued on reverse acquisition (note 4)	17,404,870	0.40
Exercised	(1,075,633)	0.31
Balance at December 31, 2017	43,373,437	\$ 0.44

As at December 31, 2017, the Company had the following warrants outstanding:

Date of Expiry	Number of Warrants Outstanding	Exercise Price	Weighted Average Remaining Life in Years
June 4, 2018	3,640,163	\$ 0.20	0.42
November 8, 2018	7,334,039	0.50	0.85
December 9, 2018	2,640,035	0.80	0.94
May 1, 2019	1,100,000	0.25	1.33
June 1, 2019	10,494,200	0.50	1.42
June 22, 2019	2,915,000	0.20	1.47
April 13, 2022	11,250,000	0.25	4.22
May 1, 2022	4,000,000	0.25	4.33
Balance at December 31, 2017	43,373,437		2.22

Stock Options

The Company has a stock option plan (the "Plan") whereby the Company is authorized to grant options to officers and directors, insiders, employees and consultants at an exercise price determined by reference to the market value on the date of the grant. The number of shares available for options to be granted under the Company's Plan is 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's shares as calculated on the date of grant. Options granted under the Plan vest immediately or over a period of time at the discretion of the Board of Directors.

Under the Plan, the number of shares reserved for issuance to any one optionee will not exceed 5% of the then issued and outstanding shares. The number of shares reserved for issuance to consultants will not exceed 2% of the then issued and outstanding shares. The number of shares reserved for issuance to employees or consultants engaged in investor relations activities will not exceed 2% of then issued and outstanding shares and must vest in stages over 12 months with no more than 25% of the options vesting in any three-month period. The options are non-assignable and non-transferable and will be exercisable up to 10 years from the date of grant. The minimum exercise price of an option granted under the Plan must not be less than the discounted market price, as such term is defined in the policies of the CSE and other applicable regulatory authorities.

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10. SHARE CAPITAL AND RESERVES (continued)

Stock Options (Continued)

During the year ended December 31, 2017:

- On October 19, 2017, the Company issued 500,000 stock options on reverse acquisition (note 4) - the result of consolidating 1,000,000 Finore options on the basis of one Resulting Issuer option for every two pre-consolidation Finore options held.
- On October 25, 2017, the Company granted a total of 3,825,000 incentive stock options to directors, officers and consultants of the Company with an exercise price of \$0.30 per share. The options expire on October 25, 2022.

The changes in stock options outstanding are as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance at December 31, 2016 and 2015	-	\$ -
Issued on reverse acquisition (note 4)	500,000	0.30
Granted	3,825,000	0.30
Balance at December 31, 2017	4,325,000	\$ 0.30

As at December 31, 2017, the Company had the following stock options outstanding:

Date of Grant	Date of Expiry	Outstanding and Exercisable	Outstanding and Unvested	Exercise Price	Weighted Average Remaining Life in Years
October 4, 2016	October 4, 2018	500,000	-	\$ 0.30	0.76
October 25, 2017	October 25, 2022	2,458,334	1,366,666	0.30	4.82

Share-based Payments

When the Company issues stock options, it records a share-based payment expense in the year or period which the options are granted and/or vested. The expense is estimated using the following assumptions. The expected volatility assumption is based on the historical and implied volatility of the Company's common share price on the CSE. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the stock options. The Company used historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common shares. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the share-based payment expense recorded in the accompanying consolidated statements of loss and comprehensive loss.

During the year ended December 31, 2017, the Company granted 3,825,000 (2016 – nil) stock options to directors, officers and consultants of the Company with a weighted average exercise price of \$0.30 per share, which can be exercised for a period of up to five years. Of the stock options granted, 2,458,334 options were vested immediately. Total fair value of options granted in the year ended December 31, 2017 was \$916,480 (2016 - \$nil), which was recognized as share-based payment expense for the year.

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10. SHARE CAPITAL AND RESERVES (continued)

Stock Options (Continued)

The Company uses the Black-Scholes option pricing model to determine the fair value of the options granted with the following weighted average assumptions:

	2017
Expected life in years	5
Volatility	110.00%
Risk free rate	1.70%
Dividend yield	0.00%

11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel include senior officers and directors of the Company.

Compensation to key management personnel is as follows:

Year ended December 31	2017		2016	
Consulting fees – key management personnel	\$	469,584	\$	166,667
Share-based compensation (note 10)		337,595		-
	\$	807,179	\$	166,667

Related party transactions not included in compensation to key management personnel are as follows:

Year ended December 31	2017		2016	
Consulting fees – other ⁽¹⁾	\$	6,075	\$	-
Accounting fees ⁽²⁾		25,092		3,000
Rent ⁽³⁾		29,839		-
	\$	61,006	\$	3,000

Accounts payables and accrued liabilities of the Company include the following amounts due to related parties:

	December 31, 2017		December 31, 2016	
Key management personnel	\$	15,276	\$	275,000
Other related parties		-		3,000
	\$	15,276	\$	278,000

(1) Fees of \$6,075 (2016 - \$nil) for tax services paid to a partnership in which a senior officer is a partner.

(2) Fees of \$25,092 (2016 - \$3,000) for bookkeeping and accounting services paid to a company controlled by former CFO.

(3) Fees of \$25,000 (2016 - \$nil) for the period from January 1, 2017 to Transaction date for office rent paid to a company owned by the Chairman and director of the Company and which a former director is the president; and fees of \$4,839 for the period from Transaction date to December 31, 2017 paid to a company that the Chairman and director of the Company and a senior officer are principals.

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12. COMMITMENTS

The Company has the following commitments:

	2018	2019	2020	2021	2022	Total
Warehouse lease	\$58,135	\$58,135	\$ 58,135	\$ 60,777	\$60,778	\$295,960

13. SEGMENTED INFORMATION

The Company has two reportable operating segments, one being the acquisition of mineral interests in Finland (note 6 and 17); the other being a Canadian technology company engaged in the development and commercialization of an on-site treatment system that can turn organic waste into clean water that meets municipal effluent discharge standards. Geographic information of the Company's long-term assets are as follows:

	December 31, 2017	December 31, 2016
Finland (note 6, 17)	\$ -	\$ -
Canada	572,787	124,904
	\$ 572,787	\$ 124,904

The Company's mining operations in Finland were discontinued and its wholly owned Finnish subsidiary was sold after year-end (note 17). As a result, the assets of the Finnish subsidiary have been classified as current and income of \$153,162 (2016 - \$nil) has been presented as income from discontinued operations.

14. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26.00% (2016 - 26.00%) to income before income taxes. The reasons for the differences are as follows:

	2017	2016
Loss before income taxes	\$ (8,436,410)	\$ (272,901)
Statutory income tax rate	26.00%	26.00%
Expected income tax recovery	(2,193,467)	(71,000)
Share issuance costs	(20,276)	-
Non-deductible recoveries and other	56,330	(1,000)
Assets acquired from reverse acquisition less transaction expense	(980,459)	-
Change in unrecognized deductible temporary differences	3,137,872	72,000
Total income tax expense	\$ -	\$ -

As at December 31, 2017, the Company has unrecognized tax losses of \$7,900,000 (2016 - \$331,000) for which no deferred tax asset is recognized.

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14. INCOME TAXES (Continued)

The Company's unrecognized unused non-capital losses have the following expiry dates:

2027	\$	348,000
2028		393,000
2029		11,000
2030		3,170,000
2031		1,168,000
2032		276,000
2033		245,000
2034		247,000
2035		197,000
2036		639,000
2037		1,206,000
	\$	7,900,000

15. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest risk, liquidity risk, and foreign exchange rate risk.

(a) Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding demand deposits in high credit quality banking institutions in Canada. The Company does not have any asset-backed commercial paper included in cash. Management believes that the credit risk with respect to receivables is remote.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because of its short-term investment nature.

(c) Foreign Exchange Rate Risk

The Company has certain consulting fees and exploration and evaluation assets that are denominated in US dollars, European Euros and other operating expenses that are mainly in Canadian dollars. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar, the US dollar and the European Euro. The exposure to foreign exchange rate risk is considered low. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

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15. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(c) Foreign Exchange Rate Risk (continued)

As at December 2017 and 2016, the Company's US dollar and European euro denominated monetary assets and liabilities are as follows:

	December 31, 2017		December 31, 2016	
Monetary Assets				
Cash	EURO €	6,938	EURO €	-
	USD\$	352,279	USD\$	30
Receivables	EURO €	25,378	EURO €	-
Monetary Liabilities				
Account payables and accrued liabilities	USD \$	13	USD \$	-
	EURO €	41,008	EURO €	-

As at December 31, 2017, a 10% strengthening (weakening) of the Canadian dollar against the US dollar would have increased (decreased) the Company's net loss before taxes by approximately \$44,192 (2016 - \$4).

As at December 31, 2017, a 10% strengthening (weakening) of the Canadian dollar against the European Euro would have decreased (increased) the Company's net loss before taxes by approximately \$1,308 (2016 - \$nil).

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. All of the Company's financial obligations are due within one year.

(e) Management of Capital

Capital comprises the Company's shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenues or cash flows since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements.

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15. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(e) Management of Capital (Continued)

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

There were no changes in the Company's approach to capital management during the year ended December 31, 2017. The Company is not subject to externally imposed capital requirements.

16. FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company classified its financial instruments at Level 1 and as follows:

	Financial Assets	Loans and Receivables	Other Financial Liabilities
	Fair Value Through Profit or Loss	Measured at Amortized Cost	Measured at Amortized Cost
December 31, 2017			
Cash and cash equivalents	\$ 4,577,910	\$ -	\$ -
Accounts receivable	-	62,411	-
Accounts payable and accrued liabilities	-	-	(56,997)
Accounts payable for the asset held for sale	-		(61,725)
	\$ 4,577,910	\$ 62,411	\$ (118,722)

Fair Value

The carrying value of receivables and accounts payable and accrued liabilities approximated their fair value due to the short-term nature of these instruments.

17. SUBSEQUENT EVENTS

- 1) On January 15, 2018, Aurora Cannabis Inc. completed a strategic investment in the Company, taking a 6.38% ownership interest on a non-diluted basis, by acquiring 4,411,765 units, for a total investment of \$1.5 million, as part of a private placement. The full placement consisted of 6,790,000 units for total gross proceeds of \$2.3 million. Each unit consists of one common share and one common share purchase warrant, priced at \$0.50, with an expiry date of 2 years following the closing of the placement.

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17. SUBSEQUENT EVENTS (Continued)

- 2) On February 28, 2018, Micron closed the transaction related to the Share Purchase Agreement dated January 31, 2017 with Nickel One (note 6)

In connection with the closing, the Company received 5,000,000 common shares of Nickel One and 2,500,000 common share purchase warrants exercisable at \$0.12 for 24 months from the date of closing. All securities issued are subject to a four month hold period from the date of issue.

- 3) Subsequent to December 31, 2017, 2,872,167 warrants were exercised for gross proceeds of \$559,584.
- 4) Subsequent to December 31, 2017, 275,000 stock options were exercised for gross proceeds of \$82,500.