

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

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS DECEMBER 31, 2018 AND 2017

(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.

“Cam Battley” (signed)

Cam Battley
Director

“Kal Malhi” (signed)

Kal Malhi
Director

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MICRON WASTE TECHNOLOGIES INC. (formerly Finore Mining Inc.)

Opinion

We have audited the consolidated financial statements of Micron Waste Technologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of operations and comprehensive loss, changes in shareholder's equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$3,208,300 during the year ended December 31, 2018 and, as of that date, the Company had an accumulated deficit of \$11,522,054. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this, 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.

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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.

Auditors' 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 auditors' 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 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 auditors' 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 auditors' report is Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 26, 2019

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

As at December 31	Note	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents		\$ 3,081,567	\$ 4,577,910
Short-term investments	5	3,000,000	-
Marketable securities and investments	6	103,807	-
Accounts receivable	7	166,163	62,411
Prepaid expenses	8	41,501	178,330
Asset held for sale	9	-	389,150
Total current assets		6,393,038	5,207,801
Non-current assets			
Deposits	8	57,500	7,500
Property and equipment	10	189,249	13,280
Development assets	11	1,428,424	146,425
Deferred assets	12	432,433	405,582
Total non-current assets		2,107,606	572,787
TOTAL ASSETS		\$ 8,500,644	\$ 5,780,588
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities		\$ 284,089	\$ 56,997
Accounts payable for asset held for sale	9	-	61,725
Total liabilities		284,089	118,722
Shareholders' equity (deficiency)			
Share capital	13	17,856,227	11,972,859
Subscription received	13	-	12,500
Reserves	13	1,882,382	2,444,709
Deficit		(11,522,054)	(8,768,202)
Total shareholders' equity (deficiency)		8,216,555	5,661,866
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		\$ 8,500,644	\$ 5,780,588

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, 2019.

"Cam Battley"

Cam Battley, 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	2018	2017
General and Administrative Expenses			
Amortization	10	\$ 25,278	\$ 2,751
Business development		428,132	271,259
Consulting fees / salaries	14	908,702	547,603
Office and general		240,467	53,759
Professional fees		138,436	95,955
Research expenses		249,788	78,104
Share-based payment	13	808,028	916,480
Transfer agent and filing fees		136,106	56,553
Loss from operations		2,934,937	2,022,464
Interest and miscellaneous income		(85,707)	(1,824)
Foreign exchange gain		(10,973)	(3,869)
Transaction expense	4	-	6,572,801
Impairment of development assets	11	146,425	-
Fair value loss on held for trading investments	6	223,618	-
Loss and comprehensive loss from continuing operations		3,208,300	8,589,572
Income and comprehensive income from discontinued operations	9	-	(153,162)
Loss and comprehensive loss for the year		\$ 3,208,300	\$ 8,436,410
Basic and diluted loss per share – Continuing operations		\$ 0.04	\$ 0.33
Basic and diluted (income) per share – Discontinued operations		\$ 0.00	\$ (0.01)
Weighted average number of common shares outstanding		73,096,751	25,936,916

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, 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
Shares issued for cash	6,790,000	2,308,600	(7,731)	-	-	-	-	2,300,869
Shares issued – warrants exercised	8,519,282	2,434,092	-	-	-	(12,500)	-	2,421,592
Reclassification from warrant reserve to share capital	-	789,449	-	-	(789,449)	-	-	-
Shares issued – stock options exercised	775,000	232,500	-	-	-	-	-	232,500
Reclassification from stock option reserve to share capital	-	126,458	-	(126,458)	-	-	-	-
Share-based compensation	-	-	-	808,028	-	-	-	808,028
Cancellation of warrants expired	-	-	-	-	(417,217)	-	417,217	-
Cancellation of stock options	-	-	-	(37,231)	-	-	37,231	-
Loss and comprehensive loss for the year	-	-	-	-	-	-	(3,208,300)	(3,208,300)
Balance – December 31, 2018	77,423,680	\$ 17,956,277	\$ (100,050)	\$ 1,605,899	\$ 276,483	\$ -	\$ (11,522,054)	\$ 8,216,555

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	2018	2017
Operating Activities		
Net loss for the year from continuing operations	\$ (3,208,300)	\$ (8,589,572)
Items not involving the use of cash		
Amortization	25,278	2,751
Share-based payment	808,028	916,480
Unrealized foreign exchange (gain) loss	(19,470)	15,091
Transaction expense (note 4)	-	6,499,612
Fair value loss on held for trading investments (note 6)	223,618	-
Impairment of development assets (note 11)	146,425	-
Changes in non-cash working capital		
Increase in accounts receivable	(103,752)	(60,354)
Increase in prepaid expenses	136,829	(159,510)
Increase in deposits	(50,000)	(7,500)
Increase in accounts payable and accrued liabilities	182,734	13,949
Operating cash flows from continuing operations	(1,858,610)	(1,369,053)
Operating cash flows from discontinued operations (note 9)	-	12,774
Net cash used in operating activities	(1,858,610)	(1,356,279)
Investing Activities		
Cash acquired from reverse acquisition (note 4)	-	2,786,339
Purchase of short-term investments	(3,000,000)	-
Additions to property and equipment	(201,247)	(11,747)
Additions to development assets	(1,384,066)	(25,805)
Additions to deferred assets	(26,851)	(5,582)
Net cash provided by (used in) investing activities	(4,612,164)	2,743,205
Financing Activities		
Net proceeds from issuance of shares	2,300,869	2,829,153
Subscription received - warrants	-	12,500
Proceeds from warrants exercised	2,421,592	331,327
Proceeds from stock options exercised	232,500	-
Net cash provided by financing activities	4,954,961	3,172,980
Foreign exchange effect on cash	19,470	(15,091)
Increase (decrease) in cash and cash equivalents	(1,496,343)	4,544,815
Cash and cash equivalents, beginning of year	4,577,910	33,095
Cash and cash equivalents, end of year	\$ 3,081,567	\$ 4,577,910
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 warrants and options reserve to share capital	\$ 915,907	\$ 82,910
Reclassification from warrants and options reserve to deficit	\$ 454,448	\$ -
Development asset included in accounts payable & accrued liabilities	\$ 44,358	\$ -

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, 2018 and 2017
(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.
(FORMERLY FINORE MINING INC.)
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2018 and 2017
(Expressed in Canadian Dollars, unless stated otherwise)

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 \$11,522,054 (December 31, 2017 – \$8,768,202). 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, except for the adoption of IFRS 9.

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Company for the year ended December 31, 2018 were approved and authorized for issuance by the Board of Directors on April 26, 2019.

MICRON WASTE TECHNOLOGIES INC.
(FORMERLY FINORE MINING INC.)
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2018 and 2017
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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

After the closing of the sale transaction of its Finnish subsidiary to Nickel One Resources Inc. on March 7, 2018, and as a result of the reverse acquisition described in note 1, the consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiary, Micron Holding. Subsidiaries are fully consolidated from the date of acquisition being the date that the Company obtains control. All intercompany transactions and balances have been eliminated on consolidation.

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.

Financial Instruments

Financial Assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Assessment and decision on the business model approach used is an accounting judgement.

Financial assets measured at amortized costs

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

MICRON WASTE TECHNOLOGIES INC.
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial Assets (Continued)

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVTOCI"), with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. Under this new FVTOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVTOCI.

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

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses ("ECL") and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

As at December 31, 2018, the Company's financial instruments are comprised of cash, marketable securities, accounts receivable, prepaids, accounts payable and accrued liabilities.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

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

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Notes to Consolidated Financial Statements
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	declining balance	30%
Furniture	declining balance	20%
Leasehold	straight-line basis	5 years
Promotional models	straight-line basis	2 years

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.

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current and Deferred Income Taxes (Continued)

(b) Deferred Tax (Continued)

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 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.

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 “asset 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 was 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.

(f) Share-based compensation

The fair value of stock options granted, and compensatory warrants is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. The Company estimates volatility based on historical share price, excluding specific time frames in which volatility was affected by specific transactions that are not considered to be indicative of the entities' expected share price volatility. The expected life of the options is based on historical experience and general option holder behavior. Dividends were not taken into consideration as the Company does not expect to pay dividends. Management also makes an estimate of the number of options that will forfeit, and the rate is adjusted to reflect the actual number of options that actually vest.

New Accounting Pronouncements Adopted

IFRS 9 Financial Instruments

On January 1, 2018, the Company adopted IFRS 9 – Financial Instruments (“IFRS 9”), which replaced IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 provides a revised model for classification and measurement of financial assets, including a new expected credit loss (“ECL”) impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively. The change did not result in a change in carrying value of any of our financial instruments on transition date. The adoption of the ECL impairment model did not have an impact on the Company's consolidated financial statements. IFRS 9 does not require restatement of comparative periods. Accordingly, the Company has reflected the retrospective impact of the adoption of IFRS 9 due to the change in accounting policy for equity investments as an adjustment to opening components of equity as at January 1, 2018.

The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39:

	January 1, 2018	
	IAS 39	IFRS 9
Financial Asset		
Cash and cash equivalents	Fair value through profit or loss ("FVTPL")	FVTPL
Equity investments	FVTPL	FVTPL
Receivables	Amortized cost	Amortized cost
Due from related parties	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost
Financial Liability		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements Adopted (Continued)

The Company's marketable securities consist of investment in equity securities. For equity securities not held for trading, the Company may make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. The Company elected to designate its equity securities as financial asset at FVTPL, which is consistent to prior years.

The adoption of IFRS 9 has not had a significant impact on the Company's policies related to financial assets cash and amounts receivables and financial liabilities.

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 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.
- 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. The impact of IFRS 16 on the Company's consolidated financial statements has not yet been determined.

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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 model, were included in the consideration paid by the Company.

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 operations 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

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4. REVERSE TAKEOVER (Continued)

The Company used 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. SHORT-TERM INVESTMENTS

The Company's short-term investments consist of guaranteed investment certificates at a fixed interest rate for a one-year term.

6. MARKETABLE SECURITIES AND INVESTMENTS

	As at December 31, 2018		
	Cost	Unrealized loss	Fair Value
Nickel One Resources Inc. – Common Shares	\$ 275,000	\$ (175,000)	\$ 100,000
Nickel One Resources Inc. – Warrants	52,425	(48,618)	3,807
	\$ 327,425	\$ (223,618)	\$ 103,807

As at December 30, 2018, the Company held 5,000,000 (December 31, 2017 – nil) shares and 2,500,000 (December 31, 2017 – nil) warrants of Nickel One Resources Inc. ("Nickel One") which were received in connection with the sale transaction of the Company's Finnish subsidiary to Nickel One (note 9).

7. ACCOUNTS RECEIVABLE

	December 31, 2018	December 31, 2017
Accounts receivable	\$ 548	\$ -
Accrued interest receivable	49,258	1,824
GST receivable	116,357	60,587
	\$ 166,163	\$ 62,411

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8. PREPAID EXPENSES

	December 31, 2018	December 31, 2017
Business development / Marketing	\$ -	\$ 88,679
Consulting fees	15,000	-
Deposit – Development Machinery	-	8,666
Deposit - Rental	-	36,750
Employees’ Advances	5,048	-
Office and general	15,472	9,682
Professional fees – Legal retainer	2,814	2,314
Research Expenses	-	2,941
Transfer agent and filing fees / Shareholders communication	3,167	29,298
Total Prepaid Expenses	\$ 41,501	\$ 178,330
Total Deposits	\$ 57,500	\$ 7,500

9. 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, a public company listed on the TSX Venture Exchange, 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 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.

On October 19, 2017, Privateco acquired Finore and its wholly owned subsidiary, NMO. The NMO subsidiary was classified as an asset held for sale on this date at a fair value of \$196,284.

On March 7, 2018, the transaction with Nickel One was completed. The Company also assessed fair value using fair value less costs to sell and accordingly wrote up the carrying value from \$196,284 to \$389,150 at December 31, 2017, based on the stock price of Nickel One on the transaction closing date. In addition, NMO owed \$61,725 in liabilities on this date. Since the fair value of consideration received was equal to the fair value of subsidiary disposed, there was no gain or loss on disposition.

The reclassified assets as 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.

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

Year ended December 31	2018	2017
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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9. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

The cash flows from the discontinued operations are as follows:

Year ended December 31	2018	2017
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

10. PROPERTY AND EQUIPMENT

	Leasehold improvements	Promotional models	Furniture	Computer equipment	Total
Cost					
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
Additions	162,830	9,377	29,040	-	201,247
Balance at December 31, 2018	\$ 162,830	\$ 9,377	\$ 33,156	\$ 14,107	\$ 219,470
Accumulated Amortization					
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
Amortization expense	16,283	2,344	3,378	3,273	25,278
Balance at December 31, 2018	\$ 16,283	\$ 2,344	\$ 5,123	\$ 6,471	\$ 30,221
Carrying Amounts					
December 31, 2017	\$ -	\$ -	\$ 2,371	\$ 10,909	\$ 13,280
December 31, 2018	\$ 146,547	\$ 7,033	\$ 28,033	\$ 7,636	\$ 189,249

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11. DEVELOPMENT ASSETS

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

Cost	
Balance at December 31, 2016	\$ 120,620
Additions	25,805
Balance at December 31, 2017	146,425
Additions	1,428,424
Impairment	(146,425)
Balance at December 31, 2018	\$ 1,428,424
Accumulated Amortization	
Balance at December 31, 2016 – 2018 ⁽¹⁾	\$ -
Carrying Amounts	
December 31, 2017	\$ 146,425
December 31, 2018	\$ 1,428,424

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

During the year ended December 31, 2018, the Company impaired \$146,425 related to development assets capitalized in FY 2017.

12. 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 13). The Company has not yet received the approved patent.

On June 8, 2018, the Company was awarded an Industrial Design Certificate of Registration from the Canadian Intellectual Property Office (CIPO) for its commercial Organic Waste Digester Unit. The CIPO Design Patent 177758 is valid for five years with an option to renew for an additional five years of exclusivity. As at December 31, 2018, the Company's design patent is also pending in the United States.

On December 4, 2018, the Company was awarded a United States Patent and Trademark Office (USPTO) patent for its commercial biological waste treatment formulation. US Patent 10144044 secures the intellectual property on the Company's proprietary bio-process and compositions for the treatment of waste effluent for a term of twenty years from September 10, 2015 to June 29, 2036. As at December 31, 2018, the Company's biological waste treatment formulation patent is also pending in Canada and Australia.

The legal costs associated with the various patent applications were capitalized by the Company.

Amortization was not considered for the patents granted in 2018 as the amount was considered immaterial.

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13. SHARE CAPITAL AND RESERVES

Share Capital

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

(b) Issued and Outstanding:

As at December 31, 2018, there were 77,423,680 (2017 – 61,339,338) common shares issued and outstanding. Details of common shares are as follows:

For the year ended December 31, 2018:

- On January 15, 2018, the Company closed a private placement for 6,790,000 units at a price of \$0.34 per unit for net proceeds of \$2,300,869. 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 \$0.50. These warrants were allocated a fair value of \$nil using the residual value method.
- 8,519,282 common shares were issued in connection with the exercise of share purchase warrants for gross proceeds of \$2,434,092. The historical fair value allocated to these warrants on issuance date of \$789,449 was reclassified from reserves to share capital.
- 775,000 common shares were issued in connection with the exercise of stock options for gross proceeds of \$232,500. The historical fair value allocated to these stock options on issuance date of \$126,458 was reclassified from reserves to share capital.

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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13. 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 model on the date of acquisition. The fair value was determined to be \$1,548,837 and \$45,080, respectively.
- 1,075,633 common shares were issued in connection with the exercise of share purchase warrants for gross proceeds of \$331,327. 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.

(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, 2018, the Company had 4,898,100 (2016 – 7,337,150) 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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13. 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	-	\$ -
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	\$ 0.37
Issued	6,790,000	0.50
Exercised	(8,519,282)	0.30
Expired	(7,684,484)	0.60
Balance at December 31, 2018	33,959,671	\$ 0.36

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

Date of Expiry	Number of Warrants Outstanding	Exercise Price	Weighted Average Remaining Life in Years
May 1, 2019	650,000	\$ 0.25	0.33
June 1, 2019	10,018,200	0.50	0.42
June 22, 2019	1,425,000	0.20	0.46
January 20, 2020	6,716,471	0.50	1.03
April 13, 2022	11,150,000	0.25	3.28
May 1, 2022	4,000,000	0.25	3.33
Balance at December 31, 2018	33,959,671		1.82

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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13. SHARE CAPITAL AND RESERVES (Continued)

Stock Options (Continued)

During the year ended December 31, 2018:

- On April 25, 2018, the Company granted a total of 405,000 incentive stock options to an employee and consultants of the Company with an exercise price of \$0.30 per share. The options expire on April 25, 2023.
- On July 6, 2018, the Company granted a total of 865,000 incentive stock options to directors, officers and employees of the Company with an exercise price of \$0.55 per share. The options expire on July 6, 2023.
- On August 15, 2018, following the termination of a consultant, the Company cancelled a total of 100,000 incentive stock options granted on April 25, 2018 with an exercise price of \$0.30 per share.
- On December 20, 2018, the Company granted a total of 625,000 incentive stock options to employees of the Company with an exercise price of \$0.55 per share. The options expire on December 20, 2020.

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 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	-	\$ -
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
Granted	1,895,000	0.50
Exercised*	(775,000)	0.30
Cancelled	(100,000)	0.30
Balance at December 31, 2018	5,345,000	\$ 0.37

*The weighted average share price on the date of exercise (January 22, 2018) for 250,000 options exercised was \$0.35.

*The weighted average share price on the date of exercise (February 7, 2018) for 25,000 options exercised was \$0.03.

*The weighted average share price on the date of exercise (October 1, 2018) for 500,000 options exercised as \$0.62.

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13. SHARE CAPITAL AND RESERVES (Continued)

Stock Options (Continued)

As at December 31, 2018, 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 25, 2017	October 25, 2022	3,550,000	-	\$ 0.30	3.82
April 25, 2018	April 25, 2023	305,000	-	0.30	4.32
July 6, 2018	July 6, 2023	830,000	35,000	0.55	4.52
December 20, 2018	December 20, 2020	325,000	300,000	0.55	1.97

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 operations and comprehensive loss.

During the year ended December 31, 2017, the Company granted on October 25, 2017, 3,825,000 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. A total of 1,366,666 were subject to vesting with 933,334 vesting six months after the grant date and remaining 433,332 vesting six months thereafter. At December 31, 2018, all of these options were vested and under the graded vesting method, another \$249,570 was recognized as share-based payment for the twelve-month period for these options granted on October 25, 2017.

During the year ended December 31, 2018, the Company granted on April 25, 2018, 405,000 stock options to an employee and consultants of the Company with an exercise price of \$0.30 per share, which can be exercised for a period of five years. The stock options vested immediately. Total fair value of these options granted on April 25, 2018 was \$150,784 which was recognized as share-based payment for the twelve-month period.

On July 6, 2018, the Company granted 865,000 stock options to various directors, officers and employees of the Company with an exercise price of \$0.55 per share. The options expire on July 6, 2023. Of the stock options granted, 795,000 were vested immediately. A total of 70,000 were subject to vesting with 35,000 vesting three months after the grant date and remaining 35,000 vesting three months thereafter. At December 31, 2018, 35,000 options remained unvested. Under the graded vesting method, the total fair value of these options granted on July 6, 2018 was \$373,253 which was also recognized as share-based payment for the twelve-month period.

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13. SHARE CAPITAL AND RESERVES (Continued)

Share-based Payments (Continued)

On December 20, 2018, the Company granted 625,000 stock options to employees of the Company with an exercise price of \$0.55 per share. The options expire on December 20, 2020. Of the stock options granted, 325,000 were vested immediately. A total of 300,000 were subject to vesting with 150,000 vesting six months after the grant date and remaining 150,000 vesting six months thereafter. At December 31, 2018, 300,000 options were unvested. Under the graded vesting method, the total fair value of these options granted on December 20, 2018 was \$34,421 which was also recognized as share-based payment for the twelve-month period.

During the year ended December 31, 2018, the total share-based payment recognized was \$808,028.

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

Year ended December 31	2018	2017
Expected life in years	4	5
Volatility	112.54%	110.00%
Risk free rate	2.04%	1.70%
Dividend yield	0.00%	0.00%

14. 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	2018	2017
Consulting fees – key management personnel ⁽¹⁾	\$ 579,000	\$ 469,584
Share-based compensation (note 13)	422,580	337,595
	\$ 1,001,580	\$ 807,179

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

Year ended December 31	2018	2017
Accounting fees ⁽²⁾	\$ -	\$ 25,092
Consulting fees – other ⁽³⁾	5,700	6,075
Rent ⁽⁴⁾	24,000	29,839
	\$ 29,700	\$ 61,006

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14. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

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

	December 31, 2018	December 31, 2017
Key management personnel	\$ 46,049	\$ 15,276

- (1) Fees paid to management personnel or companies related to management personnel:
- \$240,000 (2017 - \$253,810) to a company owned by the Chairman and Director;
 - \$120,000 (2017 - \$120,000) to a company owned by the Chief Technology Officer and Director;
 - \$87,000 (2017 - \$40,000) to a company owned by the President;
 - \$60,000 (2017 - \$12,097) to the Chief Executive Officer;
 - \$48,000 (2017 - \$9,677) to a company owned by the Chief Financial Officer
 - \$Nil (2017 - \$12,000) to a company owned by the former Chief Financial Officer
 - \$18,000 (2017 - \$21,000) to a company owned by a Director;
 - \$6,000 (2017 - \$1,000) to a Director.
- (2) Fees of \$Nil (2017 - \$25,092) for bookkeeping and accounting services paid to a company controlled by the former Chief Financial Officer.
- (3) Fees of \$5,700 (2017 - \$6,075) for tax services paid to a partnership which a senior officer is a partner.
- (4) Fees of \$24,000 (2017 - \$29,839) for office rent paid to a company that the Chairman and director of the Company and a senior officer are principals.

15. COMMITMENTS

The Company has the following annual commitments:

	2019	2020	2021	2022	2023	Total
Warehouse lease	\$58,135	\$58,135	\$ 60,777	\$ 60,778	\$ -	\$237,825

16. SEGMENTED INFORMATION

The Company's mineral interests in Finland ceased to be a reporting operating segment on March 7, 2018 when the Company completed the sale transaction of its mineral interests in Finland to Nickel One. At December 31, 2017, the Finland assets were presented as asset held for sale (Note 9). The remaining reportable operating segment is 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, 2018	December 31, 2017
Canada	\$ 2,107,606	\$ 572,787

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17. 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:

	2018	2017
Loss before income taxes	\$ (3,208,300)	\$ (8,436,410)
Statutory income tax rate	27.00%	26.00%
Expected income tax recovery	(866,241)	(2,193,467)
Share issuance costs	(2,087)	(20,276)
Non-deductible recoveries and other	155,421	56,330
Assets acquired from reverse acquisition less transaction expense	(594,413)	(980,459)
Change in unrecognized deductible temporary differences	1,307,320	3,137,872
Total income tax recovery	\$ -	\$ -

As at December 31, 2018, the Company has unrecognized tax losses of \$10,106,000 (2017 - \$7,900,000) for which no deferred tax asset is recognized.

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	253,000
2035	512,000
2036	926,000
2037	945,000
2038	1,859,000
	\$ 10,106,000

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18. 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.

As at December 2018 and 2017, the Company's US dollar and European euro denominated monetary assets and liabilities are as follows:

	December 31, 2018		December 31, 2017	
Monetary Assets				
Cash	EURO €	-	EURO €	6,938
	USD\$	16,718	USD\$	352,279
Receivables	EURO €	-	EURO €	25,378
Monetary Liabilities				
Account payables and accrued liabilities	USD \$	53,979	USD \$	13
	EURO €	-	EURO €	41,008

As at December 31, 2018, 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 \$5,083 (2017 - \$44,192).

As at December 31, 2018, 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 \$nil (2017 - \$1,308).

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18. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(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.

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, 2018. The Company is not subject to externally imposed capital requirements.

19. 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.

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19. FINANCIAL INSTRUMENTS (Continued)

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, 2018			
Cash and cash equivalents	\$ 3,081,567	\$ -	\$ -
Short-term investments	3,000,000	-	-
Marketable securities and investments (shares)	100,000	-	-
Accounts receivable	-	49,806	-
Accounts payable and accrued liabilities	-	-	(284,089)
	\$ 6,181,567	\$ 49,806	\$ (284,089)

Marketable securities and investments consisting of warrants have a fair value of \$3,807 which has been determined using Level 3 inputs.

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.

20. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2018:

- 100,000 stock options were exercised with a weighted average exercise price of \$0.30 per option for gross proceeds of \$30,000.
- 1,350,000 warrants were exercised with a weighted average exercise price of \$0.20 per warrant for gross proceeds of \$270,000.
- 30,000 stock options expired with a weighted average exercise price of \$0.51 per option following the resignation of any employee.
- 1,200,000 stock options were granted to an employee and consultants of the Company with an exercise price of \$0.36 per option with a term of two years from the date of issuance.