Consolidated financial statements

As at and for the years ended December 31, 2018 and 2017

(Financial information expressed in Canadian dollars unless otherwise noted)

Independent Auditor's Report

To the Shareholders of Josephine Mining Corp.:

Opinion

We have audited the consolidated financial statements of Josephine Mining Corp. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statement, 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 December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statement section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company has no operational revenues, has incurred an accumulated deficit of $12,315,867, and has a working capital deficit of $338,890 for the year ended December 31, 2018. As stated in Note 2, these events or conditions, along with other matters, 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 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

Calgary, Alberta

MNP LLP

April 30, 2019

Chartered Professional Accountants

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Josephine Mining Corp.
Consolidated statements of financial position
At December 31, 2018 and 2017
(Presented in Canadian dollars)

	Notes		2018		2017
Assets					
Current assets					
Cash		**$**	**6**	$	246
Total assets		**$**	**6**	$	246
Liabilities					
Current liabilities					
Accounts payable	5(b)	**$**	**267,129**	$	321,128
Loan payable	5(c)		**71,767**		-
Total current liabilities		**$**	**338,896**	$	321,128
Shareholders' deficiency					
Share capital	7	**$**	**7,276,901**	$	7,276,901
Contributed surplus			**4,575,535**		4,575,535
Accumulated other comprehensive loss			**124,541**		124,541
Accumulated deficit			**(12,315,867)**		(12,297,859)
Total shareholders' deficiency			**(338,890)**		(320,882)
Total liabilities and shareholders' deficiency		**$**	**6**	$	246

Going concern (Note 2)

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

Approved on behalf of the Board of Directors

"SIGNED"

Richard Buzbuzian
Director

Josephine Mining Corp.
Consolidated statements of loss and comprehensive loss
Years ended December 31, 2018 and 2017
(Presented in Canadian dollars)

	Notes		2018		2017
Operating expenses					
General and administrative		**$**	**29,047**	$	68,331
Total operating expenses		**$**	**29,047**	$	68,331
Other income and expense					
Other income	6	**$**	**-**	$	40,000
Forgiveness of accounts payable			**11,250**		-
Foreign exchange expense			**(211)**		-
Total other income and expense		**$**	**11,039**	$	40,000
Net loss and other comprehensive loss		**$**	**(18,008)**	$	(28,331)
Basic and diluted net loss per common share		**$**	**(0.001)**	$	(0.001)
Weighted average common shares outstanding, basic and diluted			**25,551,010**		25,551,010

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

Josephine Mining Corp.
Consolidated statements of changes in shareholders' deficiency
Years ended December 31, 2018 and 2017
(Presented in Canadian dollars)

	Shares	Share Capital	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance, January 1, 2017	25,551,010	$ 7,276,901	$ 4,575,535	$ (12,269,528)	$ 124,541	$ (249,223)
Net loss for the year	-	-	-	(28,331)	-	(28,331)
Balance, December 31, 2017	25,551,010	$ 7,276,901	$ 4,575,535	$ (12,297,859)	$ 124,541	$ (320,882)
Net loss for the year	**-**	**-**	**-**	**(18,008)**	**-**	**(18,008)**
Balance, December 31, 2018	**25,551,010**	**$ 7,276,901**	**$ 4,575,535**	**$ (12,315,867)**	**$ 124,541**	**$ (338,890)**

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

(Presented in Canadian dollars)

	Notes		2018		2017
Cash flows from operating activities					
Net loss		**$**	**(18,008)**	$	(28,331)
Changes in assets and liabilities					
Change in accounts payable			**(53,999)**		3,333
Cash used in operating activities		**$**	**(72,007)**	$	(24,998)
Cash flows from financing activities					
Cash received from related parties	5(c)	**$**	**71,767**	$	-
Net cash provided by financing activities		**$**	**71,767**	$	-
Decrease in cash			**(240)**		(24,998)
Cash, beginning of year			**246**		25,244
Cash, end of year		**$**	**6**	$	246

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

(Financial information is presented in Canadian dollars unless otherwise noted)

1. Nature and continuance of operations

Josephine Mining Corp. (the "Company" or "JMC") was incorporated on June 4, 2007, under the Business Corporations Act of British Columbia. The registered office of the Company is 1000 - 595 Burrard Street - P.O. Box 49290 - Vancouver, British Columbia, Canada V7X 1S8.

The Company's activities relate to identifying and evaluating assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The Company's previous activities related to the retention and exploration of mineral properties in southern Oregon.

2. Going concern

These consolidated financial statements, prepared at and for the years ended December 31, 2018 and 2017 ("Financial Statements") have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business. The Company has been cease traded since August 4, 2015, which ceased all operations. The Company earns no operating revenues and has incurred an accumulated deficit of $12,315,867 through December 31, 2018 (December 31, 2017 - $12,297,859). Further, the Company had a working capital deficit of $338,890 at December 31, 2018 (December 31, 2017 – $320,882). As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the ability to continue as a going concern and therefore, it may be unable to realize assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent upon obtaining necessary financing to lift the cease trade order. Management intends to complete additional financing, but while the Company has been successful in raising funds from related parties and other private parties in the past, there can be no assurance that it will be able to do so in the future. There can be no objective reliance on continuing support from related parties, which has been essential for the Company's continuation. The Financial Statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue as a going concern.

3. Basis of preparation

(a) Statement of compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee that are effective on January 1, 2018.

These Financial Statements were approved by the Company's board of directors on April 30, 2019.

(b) Basis of measurement

These Financial Statements have been prepared on a historical cost basis. References to United States dollars are indicated by "US$."

(c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary which are consolidated from the date of acquisition, being the date on which the Company obtained control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent, using consistent accounting policies. All intercompany balances and transactions are eliminated in full upon consolidation.

Details of the entities contained in the consolidated financial statements are as follows:

Entity	Principle activity	Place of business and operations	Equity percentage
Josephine Mining Corp.	Parent company	Canada	
0890810 B.C. Ltd.	Operating company	Canada	100%

3. Basis of preparation (continued)

(d) *Functional and presentation currency*

These Financial Statements are presented in Canadian dollars. The functional currency of the parent company is the Canadian dollar and for the sole subsidiary is the U.S. dollar ("US$").

(e) *Significant accounting estimates, judgments and assumptions*

The preparation of these Financial Statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of income and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses.

Management uses historical experience and other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant judgments and estimates relate to the following:

(i) Deferred taxes

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(ii) Accounts payable

The write down of accounts payable and obligations requires judgement by management as to the likelihood of future collection attempts of those amounts, specifically assessing whether amounts may be considered stale-dated due to lack of collection attempts by the vendor over a period of time, in line with the legal requirements of the jurisdiction in which the Company incurred the liability.

(iii) Contingencies

Management uses judgment to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

(iv) Going concern

Determining if the Company has the ability to continue as a going concern is dependent on its ability to achieve profitable operations. Certain judgments are made when determining if the Company will achieve profitable operations.

4. Significant accounting policies

(a) Cash

Cash includes deposits held on call with banks

(b) Taxes

Tax expense consists of current and deferred tax expense. Tax expense is recognized in the consolidated statement of loss and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the Financial Statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the end of the period, and which are expected to apply when the asset is realized, or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(c) Investment in associate

If the Company has significant influence over an investee as defined under IAS 28 – Investments in Associates and Joint Ventures, the investment is initially recognized at cost and is adjusted periodically to reflect the Company’s portion of the investees’ comprehensive net income or loss through the Company’s statement of loss and comprehensive loss. The Company’s share of net income or loss of an associate is shown on the face of the statement of loss and comprehensive loss and represents net income or loss after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as ‘Share of losses of an associate’ in the statement of loss and comprehensive loss.

4. Significant accounting policies (continued)

(d) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to dispose. 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. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in net income or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(e) Loss per share

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

(f) Provisions

The Company reports provisions when the following conditions are met:

- an entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and,
- a reliable estimate can be made of the amount of the obligation.

Whether or not a present obligation exists is determined by examining all available evidence, and whether the evidence suggests that an obligation is more likely than not present.

(g) Recent accounting pronouncements

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

- IFRS 16 Leases issued on January 13, 2016 by the IASB replaces IAS 17 Leases. The new standard introduces a single recognition and measurement model for leases, which would require the recognition of assets and liabilities for most leases with a term of more than twelve months. The new standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 "Revenue from Contracts with Customers" at or before the initial adoption date of January 1, 2018.

4. Significant accounting policies (continued)

(h) Newly adopted standards

The Company has adopted IFRS 9, Financial instruments and IFRS 15, Revenue from Contracts with Customers effective January 1, 2018.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The details of IFRS 9 and the nature and effect of changes to previous accounting policies are discussed below.

Classification and measurement of financial assets and liabilities

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through OCI (FVOCI) and fair value through profit and loss (FVTPL). The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. The classification categories are as follows:

- A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortized cost are measured using the effective interest method.
- Financial assets at fair value through other comprehensive income: assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at fair value through profit or loss: assets that do not meet the criteria for amortized cost or fair value through other comprehensive income.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to those assets are transferred.

Financial liabilities – The classification of financial liabilities is determined by the Company at initial recognition. The classification categories are as follows:

- Financial liabilities measured at amortized cost: financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the Consolidated Statement of Comprehensive loss.
- Financial liabilities measured at fair value through profit or loss: financial liabilities measured a fair value with changes in fair value and interest expense recognized in the Consolidated Statement of Comprehensive loss.

Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

Cash that was classified as loans and receivables under IAS 39 are now classified as financial assets at amortized cost. Accounts payable which was previously classified as other financial liabilities under IAS 39 are now classified as financial liabilities at amortized cost under IFRS 9. In the current year, the loan payable has been classified at amortized cost. No change in measurement related to these items was recorded on the transition to IFRS 9 on the prior year comparative information as there was no material impact.

(Financial information is presented in Canadian dollars unless otherwise noted)

4. Significant accounting policies (continued)

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model for calculating impairment. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The Company applied the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade and other receivables No change in measurement related to these items was recorded on the prior year comparative information as there was no material impact.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

There were no material adjustments to the carrying amounts of any of the Company's financial instruments following the adoption of IFRS 9.

5. Related party transactions

Transactions with related parties are in the normal course of operations and are initially recorded at fair value.

(a) Transactions with key management and directors

There were no transactions with key management and directors during the years ended December 31, 2018 and December 31, 2017. Included in accounts payable at December 31, 2018 is $15,967 (2017 - $19,891) owing to key management and directors.

(b) Summary of other related party transactions

Balances included in accounts payable as at December 31,

	2018	2017
Russell Mining Corp ("RMC")	**$ 106,942**	$ 160,073

There were no expenses incurred on related party transactions during the year with RMC. RMC is a private corporation which owns 10,600,010 shares in the Company and owns 51% of the Turner mineral rights a property which was fully impaired in prior years. RMC's management has owners, officers and directors in common with the Company.

(c) Loan payable

During the year the Company was advanced $71,767 from a new management group for working capital purposes. The loan payable is non-interest bearing, unsecured and due on demand.

6. Other Income

For the year ended December 31, 2017, other income consists of a settlement received in relation to a lawsuit. During the year ended December 31, 2016 the Aurum Group and Calais Grand Resources filed a lawsuit against Josephine Mining Corp, Russell Mining Corp, and Individuals associated therewith (the "defendants"). The basis of the claim was that the assets of Manhattan Nevada (the Manhattan Property) and the Cross Caribou property (Cross Caribou) were not validly transferred via the filed quit claim deeds for real property and the mineral claims quit claim deeds. Furthermore, the suites claimed that the agents of the companies had improperly induced and colluded to force transfer of the property titles. The Supreme court of British Columbia concluded that there was absolutely no basis for the legal action against the defendants and rejected the suite completely. Prior to final judgement the parties settled wherein the defendants retained all title and interest in mineral claims and real property in Manhattan Nevada and returned title for any and all properties in Colorado to Calais Resources Inc.

(Financial information is presented in Canadian dollars unless otherwise noted)

7. Share capital and reserves

(a) Authorized share capital

As at December 31, 2018 and 2017, the Company's authorized share capital was comprised of an unlimited number of common shares and preferred shares without par value.

(b) Option reserves

The Company has a stock option plan (the "Plan"), under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options granted under the Plan is limited to 10% of the aggregate of the number of issued and outstanding common shares of the Company at the date of the grant of the options. The board of directors has discretion over the vesting of options.

As at December 31, 2018 and 2017, the Company has no options outstanding.

8. Income taxes

The net tax provision differs from that expected by applying the combined federal and provincial income tax rates of 27% for the year ended December 31, 2018 and 2017.

	2018	2017
Loss before taxes	**(18,008)**	(28,331)
Statutory income tax rate (%)	**27%**	27%
Expected income tax recovery	**(4,862)**	(7,649)
Deferred tax benefits not recognized	**4,862**	7,649
Income tax provision	**-**	-

The Company has gross timing differences related to the following:

	2018	2017
Non-capital losses	**2,193,054**	2,145,551
Undeducted financing costs	**669,398**	698,890
Other	**107,732**	107,732
Total	**2,970,184**	2,952,173

As at December 31, 2018, the Company has a non-capital loss carry-forward balance of approximately $2,970,184 (2017 - $2,145,551) available to reduce future years' income for tax purposes. These losses will begin to expire in 2027 if not utilized

9. Earnings (loss) per share ("EPS")

The Company reported net losses for the years ended December 31, 2018 and 2017; the Company has accordingly presented basic and diluted EPS, which are the same, on a single line in the consolidated statements loss and comprehensive loss.

(Financial information is presented in Canadian dollars unless otherwise noted)

10. Capital risk management

The following table summarizes capital under the Company's capital management program:

		2018		2017
Cash		**6**		246
Share capital		**7,276,901**		7,276,901
Contributed surplus		**4,575,535**		4,575,535
Total	**$**	**11,852,442**	$	11,852,682

The Company's objectives when managing capital are to safeguard the Company's ability to continue operations and to maintain a flexible capital structure which optimizes the costs of capital. The Company is not subjected to any internally or externally imposed capital requirements. Management implements adjustments according to changes in economic conditions and risk characteristics of capital instruments. To maintain or adjust the capital structure, the Company may attempt to issue new shares and secure other funding.

11. Financial instruments

The fair values of the Company's cash, accounts payable and loan payable approximate their carrying values because of the short-term nature of these instruments.

IFRS establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk and liquidity risk.

(d) Currency risk

The Company's operations in the United States make it subject to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the U.S. dollar. The Company does not invest in foreign currency contracts to mitigate the risks.

(e) Credit risk

The Company's cash is held with large Canadian financial institutions. The Company believes it has no significant credit risk.

(f) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company's financial obligations include accounts payable and loan payable. The Company will need to obtain sources of cash inflows to meet these obligations as they come due (Note 2).