INTERNATIONAL CORONA CAPITAL CORP.

Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of International Corona Capital Corp.

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of International Corona Capital Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of operations and comprehensive income (loss), changes in equity (deficiency) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 financial statements in Canada, and we have fulfilled our 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 1 in the financial statements, which indicates that the Company has no source of revenue, generates negative cash flows from operating activities and has an accumulated deficit of $6,167,235 as at December 31, 2018. 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 the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
March 8, 2019

INTERNATIONAL CORONA CAPITAL CORP.
Statements of financial position
(Expressed in Canadian dollars)

	December 31, 2018 $	December 31, 2017 $
Assets		
Current assets		
Cash and cash equivalents	45,184	109,304
Amounts receivable	3,057	2,182
Prepaid expenses (Note 12)	35,610	–
Total current assets	83,851	111,486
Non-current assets		
Exploration and evaluation assets (Note 3)	2	2
Total assets	83,853	111,488
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	11,101	122,488
Total liabilities	11,101	122,488
Shareholders' equity (deficiency)		
Share capital (Note 5)	5,626,779	5,626,779
Share-based payment reserve (Note 7)	613,208	613,208
Deficit	(6,167,235)	(6,250,987)
Total shareholders' equity (deficiency)	72,752	(11,000)
Total liabilities and shareholders' equity (deficiency)	83,853	111,488

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance by the Board of Directors on March 8, 2019:

/s/ "Brian Bosse"	*/s/ "Bryan Loree"*
Brian Bosse, Director	Bryan Loree, Director

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

INTERNATIONAL CORONA CAPITAL CORP.

Statements of operations and comprehensive income (loss)
(Expressed in Canadian dollars)

	Year ended December 31, 2018 $	Year ended December 31, 2017 $
Revenue	–	–
Operating expenses		
Consulting fees (recovery) (Notes 4)	(118,623)	120,000
Investor relations	–	943
Mineral exploration costs (Note 3)	6,348	1,500
Office and miscellaneous	457	2,549
Professional fees	11,289	12,975
Transfer agent and filing fees	13,716	13,826
Travel	3,061	9,137
Total operating expenses	(83,752)	160,930
Income (loss) before other item	83,752	(160,930)
Other item		
Impairment of exploration and evaluation assets (Note 3)	–	430,854
Net income (loss) and comprehensive income (loss) for the year	83,752	(591,784)
Loss per share, basic and diluted	–	(0.01)
Weighted average shares outstanding	68,504,461	68,504,461

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

INTERNATIONAL CORONA CAPITAL CORP.
Statements of changes in equity (deficiency)
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Deficit	Total shareholders' equity (deficiency)
	Number of shares	Amount $	$	$	$
Balance, December 31, 2016	68,504,461	5,626,779	613,208	(5,659,203)	580,784
Net loss for the year	–	–	–	(591,784)	(591,784)
Balance, December 31, 2017	68,504,461	5,626,779	613,208	(6,250,987)	(11,000)
Net income for the year	–	–	–	83,752	83,752
Balance, December 31, 2018	68,504,461	5,626,779	613,208	(6,167,235)	72,752

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

INTERNATIONAL CORONA CAPITAL CORP.
Statements of cash flows
(Expressed in Canadian dollars)

	Year ended December 31, 2018 $	Year ended December 31, 2017 $
Operating activities		
Net income (loss) for the year	83,752	(591,784)
Items not involving cash:		
Impairment of exploration and evaluation assets	–	430,854
Changes in non-cash working capital:		
Amounts receivable	(875)	(940)
Prepaid expenses	(35,610)	–
Accounts payable and accrued liabilities	(111,387)	115,226
Net cash used in operating activities	(64,120)	(46,644)
Decrease in cash and cash equivalents	(64,120)	(46,644)
Cash and cash equivalents, beginning of year	109,304	155,948
Cash and cash equivalents, end of year	45,184	109,304
Cash and cash equivalents consists of:		
Cash in bank	35,184	99,304
Cashable guaranteed investment certificates	10,000	10,000
Total cash and cash equivalents	45,184	109,304

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

1. Nature of Operations and Continuance of Business

International Corona Capital Corp. (formerly Rockland Minerals Corp.) (the “Company”) was incorporated on June 12, 2008 under the Business Corporations Act (BC). The Company’s registered office is at 7934 Government Road, Burnaby, BC, V5A 2E2.

On January 27, 2017, the Company changed its name to International Corona Capital Corp.

The Company is an exploration stage company that has mineral property projects in Quebec, Canada. It has not yet been determined whether the properties contain mineral reserves that are economically recoverable. On December 20, 2018, the Company entered into a Share Purchase Agreement and two Debenture Purchase Agreements. Upon completion of these transactions, the Company intends to operate as a merchant bank with initial assets consisting of the mineral exploration properties, a subscription-based research business and the debentures. See Notes 3 and 12.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2018, the Company has no source of revenue, generates negative cash flows from operating activities and has an accumulated deficit of $6,167,235 (2017 - $6,250,987). These factors raise substantial doubt about the Company’s ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company’s functional currency.

(b) Critical Accounting Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

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 in any future periods affected.

The significant area requiring the use of estimates and judgements that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities was the ability to continue as a going concern. Management has determined that the Company will continue as a going concern for the next year.

2. Significant Accounting Policies (continued)

(c) Exploration and Evaluation Assets

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs related to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be impairment in value. The amounts shown for exploration and evaluation assets represent costs, net of impairment write-offs.

(d) Mineral Exploration and Development Costs

Exploration costs are charged to operations as incurred.

(e) Impairment of Non-Current Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. If the carrying amount of an asset exceeds its recoverable amount, the carrying amount of the asset is reduced to its recoverable amount through an impairment charge to the statement of operations and comprehensive income (loss).

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset in prior periods. A reversal of impairment is recognized as a gain in the statement of operations and comprehensive income (loss).

(f) Financial Instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents include cash on account, demand deposits and money market investments with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value. Cash is classified as subsequently measured at amortized cost. Cash equivalents are classified as subsequently measured at amortized cost, except for money market investments, which are classified as subsequently measured at fair value through profit or loss.

Trade Payables

Trade payables are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Trade payables are subsequently measured at amortized cost.

2. Significant Accounting Policies (continued)

(g) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(h) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of operations and comprehensive income (loss).

(i) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income (loss) or equity is recognized in other comprehensive income (loss) or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and 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 by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(j) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at December 31, 2018, the Company had 300,000 (2017 – 300,000) potential dilutive shares outstanding.

2. Significant Accounting Policies (continued)

(k) Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

(l) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as share-based payments expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in the share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in the share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(m) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2018, and have not been applied in preparing these financial statements. The Company has not early adopted these new or revised standards and is currently assessing the impact that these standards will, or may, have on the financial statements.

Standard	Title	Applicable for financial years beginning on/after
IFRS 16	Leases	January 1, 2019

Under IFRS 16, virtually all leases are required to be accounted for as finance leases rather than operating leases, where the required lease payments are disclosed as a commitment in the notes to the financial statements. As a result, leased assets ("right-of-use" assets) and the related lease liability will be required to be recognized on the statement of financial position.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian dollars)

3. Exploration and Evaluation Assets

Mineral property acquisition costs:

	Retty Lake $	Schefferville $	Total $
Balance, December 31, 2016	280,856	150,000	430,856
Impairment of exploration and evaluation assets	(280,855)	(149,999)	(430,854)
Balance, December 31, 2017 and 2018	1	1	2

Mineral exploration costs:

Year ended December 31, 2018:

	Retty Lake $	Schefferville $	Total $
Claims maintenance fee	6,348	–	6,348

Year ended December 31, 2017:

	Retty Lake $	Schefferville $	Total $
Claims maintenance fee	1,500	–	1,500

Retty Lake Property

On June 30, 2008 (as amended on May 5, 2009, September 29, 2009, and January 14, 2010), the Company entered into an option agreement to acquire a 100% interest in the Retty Lake Property located in Quebec, Canada.On February 12, 2013, the Company completed its 100% earn-in on the Retty Lake mineral property. To earn this interest, the Company issued 3,600,000 common shares (recorded at a fair value of $260,000) and incurred exploration expenditures on the property totalling $1,855,000.The optionor retains a 3% Net Smelter Royalty ("NSR") which the Company has first right to purchase for $3,000,000. During the year ended December 31, 2017, the Company wrote-down the property to $1.

Schefferville Property

On September 29, 2010, the Company entered into an option agreement to acquire an undivided 55% interest, subsequently increased to 64% based on relative mineral property expenditures, in the Schefferville Property located in Quebec, Canada. To earn this interest, the Company made cash payments totaling $60,000, issued 600,000 common shares (recorded at a fair value of $90,000) and incurred exploration expenditures on the property totaling $1,175,973.The optionor retains a minimum 2% NSR on the property of which 1% can be purchased for $1,000,000 by the Company at any time. The Company's participating interest may be adjusted if either the optionor or the Company elects to contribute less to the exploration of the property. During the year ended December 31, 2017, the Company wrote-down the property to $1.

4. Related Party Transactions

(a) During the year ended December 31, 2018, the Company reversed the consulting fees accrued for a director of the Company and the chief financial officer (the "CFO") of the Company during the year ended December 31, 2017.

(b) During the year ended December 31, 2017, the Company accrued $60,000 in consulting fees to a director of the Company and $60,000 in consulting fees to the CFO of the Company.

(Expressed in Canadian dollars)

5. Share Capital

Authorized: Unlimited common shares without par value
Unlimited preferred shares without par value

There were no share issuances for the years ended December 31, 2018 and December 31, 2017.

6. Share Purchase Warrants

As at December 31, 2018 and 2017, there were no share purchase warrants outstanding.

7. Stock Options

Pursuant to the Company's stock option plan dated October 1, 2009 (amended on December 23, 2009), the Company may grant stock options to directors, officers, employees and consultants. The maximum aggregate number of common shares which may be reserved for issuance, set aside and made available for issuance under the plan may not exceed 10% of the issued and outstanding common shares of the Company at the time of granting the stock options. Stock options granted to any person engaged in investor relations activities will vest in stages over one year with no more than 25% of the stock options vesting in any three month period. The exercise price of any stock options granted under the plan shall be determined by the Board, but may not be less than the market price of the common shares on the Exchange on the date of grant (less any discount permissible under Exchange rules). The term of any stock options granted under the plan shall be determined by the Board at the time of grant but may not exceed ten years.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price $
Outstanding, December 31, 2016	2,275,000	0.13
Expired	(1,975,000)	0.14
Outstanding, December 31, 2017 and 2018	300,000	0.06

Additional information regarding stock options outstanding as at December 31, 2018 is as follows:

	Outstanding and exercisable		
Range of exercise prices $	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.06	300,000	0.61	0.06

(Expressed in Canadian dollars)

8. Financial Instruments and Risks

(a) Fair Values

Certain of the Company's financial assets and liabilities are measured at fair value on a recurring basis and classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value our financial assets and liabilities are described below:

Level 1 – Quoted Prices in Active Markets for Identical Assets: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Cash equivalents are valued using quoted market prices in active markets. Accordingly, these items are included in Level 1 of the fair value hierarchy.

Level 2 – Significant Other Observable Inputs: Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Unobservable (supported by little or no market activity) prices.

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at December 31, 2018 and 2017 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, December 31st $
2018				
Cash and cash equivalents	45,184	–	–	45,184
2017				
Cash and cash equivalents	109,304	–	–	109,304

The fair value of accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(d) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(Expressed in Canadian dollars)

8. Financial Instruments and Risks (continued)

(e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2018.

10. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2018 $	2017 $
Canadian statutory income tax rate	27.00%	26.00%
Income tax payable (recovery) at statutory rate	22,613	(153,864)
Tax effect of:		
Permanent differences and other	(1,981)	57
Utilization of loss carry forwards	(20,632)	–
Change in valuation allowance	–	153,807
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2018 $	2017 $
Deferred income tax assets		
Non-capital losses carried forward	1,778,090	1,854,506
Resource pools	1,088,451	1,082,103
Share issuance costs	–	13,684
Total gross deferred income tax assets	2,866,541	2,950,293
Valuation allowance	(2,866,541)	(2,950,293)
Net deferred income tax assets	–	–

(Expressed in Canadian dollars)

10. Income Taxes (continued)

As at December 31, 2018, the Company has non-capital losses carried forward of approximately $1,778,000 which are available to offset future years' taxable income. These losses expire as follows:

	$
2030	73,000
2031	450,000
2032	408,000
2034	297,000
2035	191,000
2036	186,000
2037	173,000
	1,778,000

The Company also has available mineral resource related expenditure pools totalling approximately $1,088,000 which may be deducted against future taxable income on a discretionary basis.

11. Adoption of New IFRS Pronouncements

The Company has adopted the new IFRS pronouncements as at January 1, 2018 in accordance with the transitional provisions of the standard and as described below. The adoption of these new IFRS pronouncements has not resulted in any adjustments to previously reported figures as outlined below.

Overview of Changes in IFRS

(a) Financial instruments ("IFRS 9")

The Company has elected not to adopt the hedging requirements of IFRS 9, but may adopt them in a future period. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

(Expressed in Canadian dollars)

11. Adoption of New IFRS Pronouncements (continued)

The new hedge accounting model in IFRS 9 aligns hedge accounting with risk management activities undertaken by an entity.

(b) Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 introduces a single principles-based, five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed for, the customer. The five steps are to identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Classification and Measurement Changes

The Company has assessed the classification and measurement of its financial assets and financial liabilities under IFRS 9 and has summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 in the following table:

	Measurement Category	
	Original (IAS 39)	New (IFRS 9)
Financial Assets:		
Cash	Fair value through profit or loss	Amortized cost
Cash equivalents	Fair value through profit or loss	Amortized cost/fair value through profit or loss
Financial Liabilites:		
Trade Payables	Amortized cost	Amortized cost

There has been no change in the carrying value of these financial instruments or to previously reported figures as a result of changes to the measurement categories in the table noted above.

Expected credit losses

Credit risk arises from cash and cash equivalents. While the Company is exposed to credit losses due to the non-performance of its counterparties, there are no significant concentrations of credit risk and management does not consider this to be a material risk. The counterparties relate to cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions.

12. Change of Business

On December 20, 2018, the Company entered into a Share Purchase Agreement and two Debenture Purchase Agreements as follows:

<u>Share Purchase Agreement ("SPA")</u>
Pursuant to the SPA, the Company will:

- purchase 100% of the issued and outstanding shares of a gold-focused subscription research business from a company controlled by the CEO of the Company;
- consolidate its common shares on a 2-for-1 basis;

12. Change of Business (continued)

- issue post-consolidation common shares at a deemed price for consideration valued at $400,000;
- do a non-brokered private placement to raise gross proceeds of up $325,000 by the issuance of up to 5,416,667 post-consolidation common shares of the Company at a price equal to the deemed price per share, with the deemed price being defined as the greater of $0.06 and the lowest discounted market price permitted by the TSX Venture Exchange (the "TSXV");
- complete the acquisition of debenture units which are comprised of debentures in the aggregate principal amount of $2,097,000 and warrants to acquire common shares of the company ("SIGL") that issued the debenture units on the terms and conditions in DPA1 and DPA2; and
- execute a consulting agreement with the company controlled by the CEO of the Company and an employment agreement with another individual on mutually agreeable terms.

<u>Debenture Purchase Agreement ("DPA1")</u>
Pursuant to the DPA1, the Company will:

- complete the SPA and DPA2;
- purchase debentures in the principal amount of $750,000 for aggregate consideration in both post-consolidation common shares and cash of $850,000;
- issue post-consolidation common shares based on the specified formula and a cash payment of $345,000 unless the parties agree to an alternate payment proposal; and
- do a non-brokered private placement to raise gross proceeds of up $325,000 by the issuance of up to 5,416,666 post-consolidation common shares of the Company at a price equal to the deemed price per share, with deemed price being defined as the greater of $0.06 and the discounted market price per post-consolidation consideration share.

<u>Debenture Purchase Agreement ("DPA2")</u>
Pursuant to the DPA2, the Company will:

- complete the SPA and DPA1;
- purchase debentures in the principal amount of $1,347,000 and 112,810 common shares of SIGL from the CEO of the Company and a company controlled by him (collectively the "vendor") for consideration in post-consolidation common shares based on the specified formula;
- issue post-consolidation common shares at a price equal to the deemed price as reimbursement for the vendor's costs associated with the transaction, with such costs to be settled and agreed upon prior to closing and deemed price being defined as the greater of $0.06 and the lowest discounted market price permitted by the TSXV;
- pay $4,512 for the 112,810 common shares of SIGL;
- be granted an exclusive license for the use of all materials, documents and other information belonging to the vendor and SIGL in connection with the debentures;
- pay a license payment of $200,000 by the issuance of 3,333,333 post-consolidation common shares at the deemed price per share;
- do a non-brokered private placement to raise gross proceeds of up $325,000 by the issuance of up to 5,416,666 post-consolidation common shares of the Company at a price of $0.06 per share; and
- issue, from time to time during the period from the day after the closing date to December 31, 2025, additional post-consolidation common shares at the specified price on the closing date of each additional debenture purchased from other than the vendor and the vendor in DPA1.

12. Change of Business (continued)

These agreements may be terminated by either party upon written agreement and will terminate on February 28, 2019 or such other mutually agreed upon date, the closing date is the second business day after acceptance of the agreements by the TSXV and they are subject to all required securities, regulatory, shareholder and stock exchange approvals.

Upon completion of these transactions, the Company intends to operate as a merchant bank with initial assets consisting of the mineral exploration properties, a subscription-based research business and debentures.

During the year ended December 31, 2018, the Company incurred legal fees totalling $34,500 in respect of these agreements and the proposed transactions. These fees will be accounted for in accordance with the appropriate IFRS standards in 2019.

On February 28, 2019, the parties agreed to continue to pursue completion of these transactions.