SUPREME METALS CORP.
(AN EXPLORATION STAGE COMPANY)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

Stern & Lovrics LLP
Chartered Professional Accountants

Samuel V. Stern, BA, CPA, CA
George G. Lovrics, BComm, CPA, CA
CPA (Illinois)

Nazli Dewji, BA, CPA, CMA

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Supreme Metals Corp.

Opinion
We have audited the consolidated financial statements of Supreme Metals Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the statements of loss and comprehensive loss, changes in 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 financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and December 31, 2017, and its financial performance and its cash flows for the year 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 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.

Emphasis of Matter
We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $405,007 for the year ended December 31, 2018 and has incurred cumulative losses from inception in the amount of $5,437,264 at December 31, 2018. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about Supreme Metals Corp.'s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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

1210 Sheppard Avenue East, Suite 302, Toronto, Ontario M2K 1E3 Tel: (416) 499-8848 Fax: (416) 491-5301

In connection with our audit of the 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 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 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 in this auditor's report. 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 IFRS, 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 George G. Lovrics, CPA, CA.

Stern & Lovrics LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 23, 2019

SUPREME METALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AUDITED – EXPRESSED IN CANADIAN DOLLARS

As at	**December 31, 2018** **$**	December 31, 2017 $
Assets		
Current assets		
Cash	**74,189**	68,140
Amounts Receivable	**22,073**	26,852
Promissory notes (Note 6)	**545,592**	-
Loan receivable (Note 7)	**622,633**	-
Prepaid expenses	**1,681**	1,681
	1,266,168	96,673
Total assets	**1,266,168**	96,673
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities		
Accounts payable and accrued liabilities	**114,230**	184,147
Total liabilities	**114,230**	184,147
Shareholders' Equity (Deficiency)		
Share capital (Note 8)	**5,649,116**	4,805,999
Reserve (Note 8)	**940,086**	138,784
Deficit	**(5,437,264)**	(5,032,257)
Total Shareholders' Equity (Deficiency)	**1,151,938**	(87,474)
Total liabilities and shareholders' equity (Deficiency)	**1,266,168**	96,673

Nature of operations and going concern (Note 1)

Subsequent events (Note 12)

Approved on behalf of the Board:

Signed: *"Robert Komarechka"*
Director

Signed: *"Brendan Purdy"*
Director

The accompanying notes are integral to these consolidated financial statements

SUPREME METALS CORP.
CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
AUDITED – EXPRESSED IN CANADIAN DOLLARS

For the years ended	**December 31, 2018 $**	December 31, 2017 $
Expenses		
Exploration and evaluation expenditures (recovery) (Note 5)	**(63,587)**	3,141,070
Marketing	**-**	291,031
Share based compensation	**-**	109,100
Professional fees	**26,805**	47,704
Consulting fees	**375,150**	45,179
Transfer agent and filing fees	**24,096**	19,102
Travel	**17,074**	17,944
Insurance	**6,723**	-
Office and general	**22,895**	-
Bank charges and interest	**954**	3,435
Total expenses	**410,110**	3,674,565
Other Items		
Interest income (Note 6)	**5,103**	-
Net loss and comprehensive loss for the year	**(405,007)**	(3,674,565)
Net loss and comprehensive loss per share	**(0.00)**	(0.03)
Weighted average number of shares outstanding	**168,404,927**	134,256,270

The accompanying notes are integral to these consolidated financial statements

SUPREME METALS CORP.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
AUDITED – EXPRESSED IN CANADIAN DOLLARS

	Share Capital (#)	Share Capital ($)	Share-Based Payment Reserve ($)	Warrant Reserve ($)	Deficit ($)	Total shareholders' equity (deficiency) ($)
Balance – December 31, 2016	95,259,247	1,560,682	20,900	122,834	(1,367,675)	336,741
Issuance of common stock for stock option exercise	4,825,000	345,317	(104,067)	-	-	241,250
Issuance of common stock for exploration and evaluation expenditures	37,864,285	2,900,000	-	-	-	2,900,000
Issuance of stock options	-	-	109,100	-	-	109,100
Valuation of options cancelled	-	-	(9,983)	-	9,983	-
Loss for the year	-	-	-	-	(3,674,565)	(3,674,565)
Balance – December 31, 2017	137,948,532	4,805,999	15,950	122,834	(5,032,257)	(87,474)
Balance – December 31, 2017	**137,948,532**	**4,805,999**	**15,950**	**122,834**	**(5,032,257)**	**(87,474)**
Issue of common stock for private placement	**33,000,000**	**927,555**	**-**	**722,445**	**-**	**1,650,000**
Share issuance costs	**-**	**(87,832)**	**-**	**38,451**	**-**	**(49,381)**
Issuance of common stock for warrant exercise	**876,000**	**50,798**	**-**	**(6,998)**	**-**	**43,800**
Warrant extension	**-**	**(47,404)**	**-**	**47,404**	**-**	**-**
Loss for the year	**-**	**-**	**-**	**-**	**(405,007)**	**(405,007)**
Balance – December 31, 2018	**171,824,532**	**5,649,116**	**15,950**	**924,136**	**(5,437,264)**	**1,151,938**

The accompanying notes are integral to these consolidated financial statements

SUPREME METALS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
AUDITED – EXPRESSED IN CANADIAN DOLLARS

For the year ended,	December 31, 2018 $	December 31, 2017 $
Cash flows used in for operating activities		
Net loss and comprehensive loss for the period	**(405,007)**	(3,674,565)
Adjustments for items not involving cash:		
Interest income	**(4,942)**	-
Exploration and evaluation expenditures	**-**	2,900,000
Share based payments	**-**	109,100
	(409,949)	(665,465)
Changes in non-cash working capital items:		
Increase (decrease) in other receivable	**4,780**	(13,229)
Increase in prepaid expenses	**-**	1,060
Decrease in accounts payable and accrued liabilities	**(20,018)**	(13,949)
Net cash used in operating activities	**(425,187)**	(691,583)
Investing activities		
Promissory note receivable	**(540,650)**	-
Working capital advance – loan receivable	**(622,633)**	-
Net cash used in investing activities	**(1,163,283)**	-
Financing activities		
Proceeds from stock option exercise	**-**	241,250
Proceeds from warrant exercise	**43,800**	-
Share issuance costs	**(49,381)**	-
Proceeds from private placement	**1,600,000**	-
Net cash provided by financing activities	**1,594,519**	241,250
Change in cash	**6,049**	(450,333)
Cash, beginning	**68,140**	518,473
Cash, ending	**74,189**	68,140

Supplementary cash flow information:				
Transfer of warrant reserve to share capital	**$**	**6,998**	$	-
Transfer of accounts payable to share capital	**$**	**50,000**	$	-
Shares issued for exploration and evaluation expenditures	**$**	**-**	$	2,900,000
Allocation of warrant from private placement	**$**	**722,445**	$	-
Warrant extension	**$**	**47,404**	$	-
Finders fees issued pursuant to private placement	**$**	**38,451**	$	-

The accompanying notes are integral to these consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Supreme Metals Corp., the ("Company"), is engaged in the acquisition, exploration and development of natural resource properties with a focused approach in the area of green and energy metals.

The Company's head office and registered records office is located at Suite 810 - 789 West Pender, Vancouver, BC V6C 1H2. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "ABJ". In addition, on January 31, 2017 the Company's shares were accepted for continuous trading on the electronic trading platform XETRA (R) on the Frankfurt Exchange under the ticker symbol A68.

Supreme Metals Corp. is at an early stage of acquisition, exploration and development of natural resource properties and as is common with many small companies, it raises financing for its exploration and acquisition activities in discrete tranches.

The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production in the future. The Company is currently evaluating various options in order to address its financing needs. There can be no assurance that the Company's financing activities will continue to be successful or sufficient.

The Company has a working capital of $1,151,938 (2017 – deficit of $87,474). For the year ended December 31, 2018, the Company had a net loss and comprehensive loss of $405,007 (2017 – $3,674,565) and had cash outflows from operations of $425,188 (2017 –691,583). These circumstances cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets, liabilities and reported expenses should the Company be unable to continue as a going concern. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended December 31 2018 and December 31, 2017. These consolidated financial statements were approved and authorized for issuance by the Board of directors on April 26, 2018.

(b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets to fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in Note 2.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of Consolidation

The consolidated financial statements include the accounts of Supreme Metals Corp. (the "Company") and its wholly owned subsidiary Alibaba Graphite Corp. The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

(e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income 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 estimates are revised and in any future periods affected.

1. Critical judgements exercised by management in applying accounting policies that have the most significant effect on the amounts presented in these consolidated financial statements are as follows:

i) Functional currency – The assessment of the Company's functional currency and the functional currency of its subsidiaries involves judgment regarding the primary economic environment the Company and its wholly owned subsidiary operates in.

ii) Going concern – The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its operations and working capital requirements as discussed in note 1.

Critical accounting estimates

i) Income taxes and recoverability of potential deferred tax assets

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. 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. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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) Share-based payments

Management determines costs for share-based payments using the Black-Scholes option pricing model. The fair value of the market-based and performance-based share awards are determined at the date of grant and incorporates Black-Scholes input assumption's including the future volatility of the stock price, expected dividend yield, and expected life. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(f) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(g) Share-based payment transactions

The fair value of stock options granted to employees and non-employees is recognized as an expense over the vesting period with a corresponding increase in shareholders' equity. 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, including directors of the Company. The fair value is measured at the grant date and recognized 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.

(h) Decommissioning liability

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the Company's exploration and evaluation activities. Discount rates using a pre-tax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. The Company has no restoration, rehabilitation and environment costs as at December 31, 2018 and December 31, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of the expenditure 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 Company has no material provisions at December 31, 2018 and December 31, 2017.

(j) Share capital

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

(k) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized with regards to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred taxes are recognized as income or expense in profit or loss, except to the extent that tax arises from transactions recognized in equity. Therefore, when deferred taxes relate to equity items, a backwards tracing is necessary to determine the adjustment to taxes (e.g. change in tax rates and change in valuation allowance) that should be recorded in equity. For this purpose, the accounting policy of the Company is to first allocate changes in valuation allowance to capital losses due to share issuance costs before non-capital losses carryforwards.

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. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

(l) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(n) Segment reporting

The Company determined that it had only one operating segment, i.e. the mining exploration.

(o) New standards and interpretations adopted

<u>Several amendments to existing accounting standards became effective January 1, 2018 and were first adopted by the Company in the year ended December 31, 2018</u>

IFRS 15 Revenue from Contracts with Customers
IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. As the Company does not have any revenue from customers, this change had no impact on the financial statements.

IFRS 9 Financial instruments
The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilize a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) New standards and interpretations adopted (Continued)

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

(p) New Standards and Interpretations Not Yet Adopted

The Company will be required to adopt the following standards and amendments issued by the IASB, as described below.

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

IFRS 16 Leases
IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

3. CAPITAL RISK MANAGEMENT

The Company includes equity, comprising issued share capital and deficit, in the definition of capital, which as at December 31, 2018 was $1,151,938 (2017 – deficit ($87,474)).

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its exploration commitments. To secure the additional capital necessary to continue with the exploration of mineral properties, the Company may attempt to raise additional funds through the issuance of debt or equity. The Company is not subject to any capital requirements imposed by a lending institution.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares and adjusting capital spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

There were no changes in the Company's process, policies and approach to capital management during the year ended December 31, 2018 and December 31, 2017.

4. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, amounts receivable and receivables from Iberian Lithium Corp ("Iberian"). Cash is held with a Canadian chartered bank, from which management believes the risk of loss to be minimal.

Amounts receivable consists of sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of December 31, 2018. Management believes that the credit risk with respect to these amounts receivable is minimal.

Loans from Iberian consist of working capital and promissory notes ("Promissory Notes"). The Promissory Notes bear interest of 2% and are due by March 5, 2019. Subsequent to year end, the Company acquires 100% of the outstanding shares Iberian.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2018, the Company had cash and cash equivalents of $74,189, (2017 - $68,140) to settle trade accounts payable and accrued liabilities of $114,230, (2017 - $184,147), the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed in Note 1, the Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. Management is continuing in its efforts to secure financing and believes it will be successful.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(iv) Financial risk

Interest rate risk

The Company has cash and cash equivalent balances and no variable interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

(v) Foreign currency risk

The Company's functional and presentation currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company at the present time does not have any foreign currency balances subject to foreign currency risk.

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4. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

(vi) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

Cash is subject to floating interest rates. The Company has no variable debt and receives low interest rates on its cash and cash equivalents balances. As such, the Company does not have significant interest rate risk

5. EXPLORATION AND EVALUATION EXPENDITURES

The Company's exploration and evaluation expenditures are mainly related to the acquisition of various property rights and finders fees. Many of these property rights were either terminated or returned to the original claim holders as the Company decided against further expenditures on these properties. The exploration and evaluation expenditures are summarized as follows:

	December 31, 2018 $	December 31, 2017 $
Property purchases – issue of shares	-	2,717,500
Property purchases – finders fees	-	182,500
Property purchases – cash payments	-	230,000
Staking	-	3,000
General exploration expenditures	111,413	8,070
Recovery from option agreements	(175,000)	-
	(63,587)	**3,141,070**

(1) Mt. Thom Project

On February 3, 2017, the Company had entered into a purchase and sale agreement (the "Mt. Thom Purchase Agreement") with the Vendors for the acquisition of a 100% undivided interest in the Mt. Thom Project. The Mt. Thom property is believed to be an "IOCG-type" copper-cobalt-gold prospect located in central Nova Scotia, Canada, approximately 22km east of Truro. The project consists of 39 mineral claims over five contiguous licenses and covers approximately 1,560 acres located in the Province of Nova Scotia. In consideration for the acquisition of the Mt. Thom Project, the Company paid $20,000 and issued 2,500,000 common shares (issued) to the Vendors. The Mt. Thom Project is subject to a 1.5% gross royalty payable to the Vendors.

On April 13, 2018, the Company had entered into an option agreement (the "Option Agreement") with American Cobalt Corp (Formerly 1156010 BC Ltd.) (the "Purchaser"), a wholly owned subsidiary of International Cobalt Corp. for its Mt. Thom Project. Pursuant to the Option Agreement, the Purchaser can acquire up to 80% of the Mt. Thom Project. As consideration for this Option Agreement, the Purchaser has agreed to the following commitments:

- Pay $87,500 within 5 days of signing the Option Agreement ($85,000 received; remainder received subsequently);
- Earn 60% interest by completing a 43-101 compliant resource estimate on one or more of the mineral property claims and incur $100,000 of exploration expenditures within 30 months; and,
- Earn an additional 20% interest by completing a preliminary economic assessment within 48 months.

The Mt. Thom Project is subject to a 1.5% gross royalty.

5. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

(2) The Foster Marshall Property

On February 13, 2017, the Company had entered into a mineral purchase and acquisition agreement with Gino Chitaroni, Elmer B. Stewart, and Robert Peel (the "FM Vendors") providing for the acquisition of a one hundred percent (100%) undivided interest in and to seven mineral claims located in the Ingram and Ingram Townships of the Province of Ontario (the "FM Project"). The FM Project is located in the Province of Ontario in the Larder Lake Mining Division, more specifically in the historic mining area of Cobalt, Ontario. The property is located approximately 25 kms north of the former producing Langis Mine project, once held by Agnico Eagle Mines Limited Pursuant to the FM Acquisition Agreement; the Company shall earn 100% of the FM Project upon the payment of $100,000 and the issuance of 6,500,000 common shares (issued) to the FM Vendors. The FM Project is subject to a 2% gross royalty payable to the FM Vendors, half of which can be acquired at any time by the Company for a cash payment of $1,000,000. The project consists of 7 mineral claim units over and covers approximately 633 acres. On August 5, 2017 the additional staking of a 6 unit claim contiguous to the Foster Marshall Property was completed by the Company. This additional six unit claim is 100% owned by the Company and has no associated royalty.

On April 10, 2018 the Ontario Ministry of Mines and Forests readjusted their previous 16 hectare claims to be converted to 25 hectare cells. This adjustment resulted in the creation of 25 full cells and 4 boundary cells to comprise the property changing the area of the Foster Marshall property to be approximately 659 hectares.

On April 13, 2018, the Company had entered into an option agreement (the "Option Agreement") with American Cobalt Corp (Formerly 1156010 BC Ltd.) (the "Purchaser"), a wholly owned subsidiary of International Cobalt Corp for its Foster Marshall Project. Pursuant to the Option Agreement, the Purchaser can acquire up to 80% of the Foster Marshall Property. As consideration for this Option Agreement, the Purchaser has agreed to the following commitments:

- Pay $87,500 within 5 days of signing the Option Agreement ($85,000 received; remainder received subsequently);
- Earn 60% interest by completing a 43-101 compliant resource estimate on one or more of the mineral property claims and incur $100,000 of exploration expenditures within 30 months; and,
- Earn an additional 20% interest by completing a preliminary economic assessment within 48 months.

The Foster Marshall Property is subject to a 2% gross royalty payable to the original owners of the property, half of which can be purchased at any time for a cash payment of $1,000,000.

(3) The Silver Shadow Property

On February 1, 2017 the Company had entered into an option agreement (the "Option Agreement") with Anstag Mining Inc. providing for an exclusive option to purchase a one hundred percent (100%) undivided interest in and to the Silver Shadow Property located in northwest part of the Clayton Valley, Nevada. Pursuant to the Option Agreement, the Company shall earn 100% of the Silver Shadow Property upon the issuance of 1,000,000 common shares (issued) to Anstag Mining Inc. within five days of the signing of the Option Agreement. On August 11, 2017 the claim holders' agent was notified of the return of the 3 Nevada Brine Properties back to the original claimholders. These properties included: the Columbus Property, the Silver Dawn Property and the Silver Shadow Property.

(4) The Silver Dawn Property

On February 14, 2017, the Company had entered into a property sale agreement (the "Silver Dawn Purchase Agreement") with Kode Mineral Exploration Ltd. ("Kode") for the acquisition of a 100% undivided interest in and to 150 mineral claims located in the Clayton Valley Basin, Nevada (the "Silver Dawn Property"). In consideration for the acquisition of the Silver Dawn Property, the Company shall issue 3,000,000 common shares (issued) to the Vendors. The Silver Dawn Property is subject to a 1% gross royalty payable to Kode, half of which can be acquired at any time by the Company for a cash payment of $1,000,000. On August 11, 2017 the claimholders' agent was notified of the return of the 3 Nevada Brine Properties back to the original claimholders. These properties included: the Columbus Property, the Silver Dawn Property and the Silver Shadow Property.

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5. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

(5) The Columbus Property

On February 1, 2017 the Company had entered into a purchase and sale agreement (the "Purchase Agreement") with Doctors Investment Group Inc. for the acquisition of a 100% undivided interest in the Columbus Property located within the Columbus Salt Marsh, Esmerelda County, Nevada. In consideration for the acquisition of the Columbus Property, the Company shall issue 9,000,000 common shares (issued) to Doctors Investment Group Inc. within five days of signing the Purchase Agreement. The Columbus Property is subject to a 1% Gross Overriding Royalty (GORR) payable to the vendor; however, the GORR is subject to a buyback in favour of the Company whereby it may acquire, at any time, one-half of the GORR (0.5%) for $1,000,000. On August 11, 2017 the claim holders' agent was notified of the return of the 3 Nevada Brine Properties back to the original claimholders. These properties included: the Columbus Property, the Silver Dawn Property and the Silver Shadow Property

(6) The Bloom Lake East Project

On February 3, 2017, the Company had entered into an agreement of purchase and sale (the "Bloom Lake East Purchase Agreement") with Thomas Popoure and Ryan Kalt (the "Vendors") providing for the acquisition of a one hundred percent (100%) undivided interest in and to the Bloom Lake East Project located in Newfoundland and Labrador. Pursuant to the Bloom Lake East Purchase Agreement, the Company shall earn 100% of the Project upon the payment of $100,000 (paid) and issuance of 5,000,000 common shares (issued) to the Vendors. The Bloom Lake East Project is subject to a 1.5% gross royalty payable to the Vendors. In February 2018, the Company technically allowed the Bloom Lake East Claims to expire but was able to make a payment to the Newfoundland government to extend the time for submission of assessment work.

(7) The Helfrick Property

On March 8, 2017 the Company had entered into an agreement of purchase and sale (the "Helfrick Property Option Agreement") with Otter Minerals Ltd (the "Vendors") providing for the acquisition of an option to purchase a 100 percent interest in the Helfrick Property located in the Algoma Mining Division, Ontario, located approximately 27 kilometres north of the town of Thessalon, Ontario. The Helfrick Property consists of 8 mining patents of 8 units covering approximately 128 hectares with historic bulk sampling of cobalt bearing mineralization. Pursuant to the agreement the Company issued 9,000,000 common shares and paid $10,000 to the Vendors.

On March 13, 2017, the Company via contract claimstakers, staked an additional 2 claims totalling 12 units, (approximately 192 hectares) adjacent to the Helfrick Property. These newly staked claims were registered in the name of Supreme Metals Corp. on March 20, 2017. The acquisition of these claims allows a contiguous land package of 320 hectares in the area including the Helfrick Property patents. In addition, the patent claims also include the C. Beaudoin Cu, Au Property. During the period ended September 30, 2018, the Company elected not to continue with the option and the agreement was terminated.

6. PROMISSORY NOTE

	December 31, 2018 $
Balance, December 31, 2017	-
Additions	540,650
Interest	4,942
Balance, December 31, 2018	545,592

During the year ended December 31, 2018, the Company entered into three promissory notes ("Notes") with an arms-length party. As at December 31, 2018, the principal amount of $540,650 plus accrued interest of $4,942 are outstanding. The Notes bears interests at 2% per annum and mature by March 5, 2019.

AUDITED – EXPRESSED IN CANADIAN DOLLARS

7. LOAN RECEIVABLE

During the year ended December 31, 2018, the Company advanced $250,000 in cash and paid for $372,633 in expenses on behalf of Iberian, pursuant to the continuation of Iberian's phase 1 mining program. The working capital advances are non-interest bearing and due on demand.

8. SHARE CAPITAL

Authorized share capital

Unlimited common shares without nominal or par value.

Issuance of shares for the year ended December 31, 2018

On March 27, 2018, the Company closed a non-brokered private placement (the "Offering") financing by issuing 33,000,000 units ("the Units") at a subscription price of $0.05 per Unit for gross proceeds of $1,650,000. Each Unit consists of one common share ("Share") of the Company and one share purchase warrant ("Warrant"). Each Warrant is exercisable into one common share ("Warrant Share") at a price of $0.075 for a period of two years. The shares and the underlying Warrant Shares issued in connection with this offering will be subject to a statutory four month hold period. The warrants were fair valued at $722,445. 985,600 broker warrants were issued with a fair value of $38,451 and finders fees of $49,381 was paid in connection with the Offering. Each broker warrant is exercisable into a common share at a price of $0.075 for a period of two years.

The broker warrants issued to the agent were valued using the Black-Scholes option pricing model with the following input assumptions:

Risk-free interest rate	1.84%
Estimated life	2 years
Expected volatility	145.83%
Expected dividend yield	0%
Forfeiture rate	0%

The Company issued 876,000 common shares pursuant to the exercise of 876,000 warrants for gross proceeds of $43,800; the Company re-allocated $6,998 from warrant reserve to share capital.

Issuance of shares for the year ended December 31, 2017

The Company issued 4,825,000 common stock for gross proceeds of $241,250.

The Company issued 37,864,285 common shares to acquire various property options.

(c) Stock Options

The Company has a stock option plan ("the Plan") under which options to purchase common shares may be granted to officers, directors, employees and non-employees of the Company. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of five years. The exercise price of any option granted under the Plan may not be less than fair market value of the common shares at the time the option is granted, less any permitted discount.

All options are non-transferable. The options are subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be a director, officer, or consultant of the Company, or upon the retirement, permanent disability or death of an optionee.

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8. SHARE CAPITAL (continued)

(c) Stock Options (continued)

The following table summarizes information about stock options outstanding and exercisable at December 31, 2018 and December 31, 2017:

	Number of options #	Weighted average exercise price $
Balance, December 31, 2016	5,700,000	0.05
Issued	3,825,000	0.05
Exercised	(4,825,000)	0.05
Cancelled	(350,000)	0.05
Balance, December 31, 2017 and December 31, 2018	**4,350,000**	0.05

Options were issued in the first quarter of 2017 to directors, officers and consultants of the Company as follows:

	# of options	Exercise Price	Expiry Date
Consultants	2,775,000	$0.05	January 6, 2022
Directors	1,050,000	$0.05	January 6, 2022
	3,825,000		

Options Assumptions	2017
Dividend Yield	-
Expected Volatility	126%
Risk free interest rate	1.12%
Expected option terms – years	5

The fair value of the 3,825,000 options has been estimated using the Black-Scholes option pricing model to be $109,100, using the above assumptions. All issued options are vested at the date they are granted.

Stock options at December 31, 2018 were as follows:

	Outstanding options			Exercisable options	
Exercise prices	Number of options outstanding	Weighted average remaining term (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
$0.05	4,350,000	0.39	$0.05	4,350,000	$0.05

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8. SHARE CAPITAL (continued)

(d) Warrants

The following is a summary of the Company's warrant activity:

	Number of Warrants #	Weighted average exercise price $
Balance, December 31, 2016	-	-
Issued	15,375,200	0.05
Balance, December 31, 2017	**15,375,200**	**0.05**
Issued	40,985,600	0.075
Exercised	(876,000)	(0.05)
Balance, December 31, 2018	**55,484,800**	**0.07**

On November 22, 2018, the Company extended 14,499,200 warrants exercisable at $0.05 from a date of December 7, 2018 to December 7, 2020. The warrants were originally issued on December 12, 2016 in connection with a private placement. All other terms of the warrant remain the same. The fair value of $47,404 was determined using the Black Scholes Option Pricing Model with the following assumptions: stock price - $0.02; exercise price - $0.05; expected life – 2 years; volatility – 147%; dividend yield – $0; and risk-free rate – 2.21%.

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company incurred the following related party transactions, with associated persons or corporations, which were measured at the exchange amount as follows:

a) Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by directors, executive officers and officers as follows:

Period-ended	**December 31, 2018** **$**	December 31, 2017 $
Consulting fees paid to the Chief Executive Officer	**80,000**	22,900
Legal fees paid to a director	**27,500**	35,003
Accounting and consulting fees paid to the Chief Financial Officer	**2,500**	10,500
	110,000	68,403

b) On December 31, 2018, total amounts payable to directors and companies owned thereby in accrued liabilities were $Nil (2017 - $21,760).

10. SEGMENTED INFORMATION

The Company's operations in the prior year comprised a single reporting operating segment engaged mainly in mineral exploration. As the operations were transitioning away from mineral exploration in that year with no definitive additional reporting segment, the company's activities were still reported as a single reporting segment. In order to determine reportable operating segments, the chief operating decision maker reviews various factors including nature of operations, geographical location, quantitative thresholds and managerial structure.

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11. PROVISION FOR INCOME TAXES

The income tax recovery varies from the amounts that would be computed applying the basic federal and provincial income tax rate aggregating 26% (2017 - 26%) to loss before income taxes as shown below:

	2018 $	2017 $
Expected income tax (recovery)	(105,302)	(955,387)
Share issue expenses	(5,162)	(2,594)
Share based compensation	-	28,366
Non-deductible expenses	(11,580)	814,580
Tax benefit not recognized	122,044	115,035
Income tax recovery	-	-

Significant components of the Company's unrecognized deferred income tax assets are approximated as follows:

	2018 $	2017 $
Non-capital losses carried forward	394,344	246,413
Exploration and evaluation assets	28,921	72,384
Share issued costs	15,460	7,782
	438,725	326,579
Unrecognized deferred tax assets	(438,725)	(326,579)
	-	-

The deferred income tax assets have not been recognized above as it is not probable that future taxable profit will be available against which the Company can utilize benefits therefrom.

The Company has reported non capital losses available for deduction of approximately $1,517,000. These losses, if not utilized will expire as follows:

Year	Amount $
2034	150,000
2035	210,500
2036	242,000
2037	434,500
2038	480,000
	1,517,000

12. SUBSEQUENT EVENT

On October 22, 2018, the Company had entered into a definitive share purchase agreement to acquire 100% of Iberian Lithium Corp. ("Iberian Lithium"). Iberian Lithium is focused on the acquisition and development of Lithium properties in Portugal and Spain. The Company has acquired Iberian Lithium's option on the Alberta II Lithium property in Galicia Spain with Strategic Minerals. The transaction closed subsequent to year end.

As consideration, the Company issued 35,000,000 common shares and 115 million non-voting, convertible series 1 preferred shares ("Preferred Shares") at a deemed price of $0.02 per share.

12. SUBSEQUENT EVENT (Continued)

The terms of the Preferred Shares, among other things, that they are non-voting, are convertible into common shares on a one to one basis, are eligible to participate in dividends if and when declared by the Company, have priority rights on liquidation and are subject to a restriction that no holder of the Preferred Shares may convert into common shares if the holder beneficially owns greater than 9.99% of common shares.

A $250,000 finder's fee was paid on closing to an arm's length party.

On January 22, 2019, the Company had entered into a Joint Exploration Agreement (the "Agreement") with Champion Iron Limited ("Champion"), for a joint exploration on the Company's Bloom Lake East Property and Champion's Bloom Lake Mine Property.

Pursuant to the terms of the agreement, Champion, at the expense of their own, explore the licenses held by Supreme on the Bloom Lake East Property and the Company can explore for cobalt on Champion's property. Champion will fund the following budget allocation:

- $100,000 in exploration expenditures on the Bloom Lake East Property; and
- $50,000 for cobalt exploration on the Bloom Lake Iron Mine Property.