Consolidated Financial Statements

Three Months ended March 31, 2018

(Expressed in Canadian dollars)

(Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not preformed a review of these interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ENVIROLEACH TECHNOLGIES INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes		March 31, 2018		December 31, 2017
ASSETS					
Cash		$	9,608,518	$	981,712
Receivables	4		182,944		138,765
Inventory			1,437,589		1,382,407
Prepaid expenses and deposits			50,639		24,401
Total current assets			11,279,690		2,527,285
Non-current assets					
Equipment	8		2,320,998		1,367,832
Technology	5 & 9		6,903,670		7,100,918
Total non-current assets			9,224,668		8,468,751
TOTAL ASSETS		$	20,504,358	$	10,996,036
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	7	$	580,214	$	352,040
Due to related party	6		651,647		429,194
Advances			2,267,219		2,267,219
Current portion of notes payable to related party	5		1,227,504		354,928
Current portion of advance royalty payable	5 & 11		64,976		63,217
Total current liabilities			4,791,560		3,466,598
Non-Current liabilities					
Notes payable to related party	5		-		1,000,000
Advance royalty payable	5 & 11		891,604		883,275
Total non-current liabilities			891,604		1,883,275
TOTAL LIABILIITES			5,683,164		5,349,873
SHARHOLDERS' EQUITY					
Share capital	12		18,972,745		8,616,120
Reserves	14		1,185,924		1,176,743
Accumulated deficit			(5,411,011)		(4,210,964)
			14,747,658		5,581,899
Equity attributed to minority interest	2		73,536		64,265
TOTAL SHAREHOLDERS' EQUITY			14,821,194		5,646,164
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	20,504,358	$	10,996,036

Nature and continuance of operations (Note 1)

On behalf of the Board:

"Duane Nelson" "Greg Pendura"

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

ENVIROLEACH TECHNOLOGIES INC.

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Notes	Three months ended March 31, 2018	Three months ended March 31, 2017
Expenses			
Consulting fees		$ 22,701	$ 70,960
Interest and financing fees	11	20,040	3,457
Lab operating costs		44,371	106,464
Management and employee costs	6	222,202	91,316
Marketing and promotional costs		71,995	9,127
Office and general		95,066	18,359
Public listing costs	6	103,414	57,591
Professional fees		77,125	135,186
Project costs		347,003	-
Share-based payments	6	9,181	887,593
Travel		93,098	26,816
		1,106,196	1,406,870
Loss before other items		(1,106,196)	(1,406,870)
Other items			
Interest income		160	624
Other income		22,600	-
Discount for early payment	10	-	87,874
Amortization		(229,453)	(253,248)
Foreign exchange gain (loss)		(22,124)	1,466
Loss and comprehensive loss for the year		(1,335,013)	(1,570,154)
Loss attributed to minority interests		134,966	-
Loss attributed to shareholders		$ (1,200,047)	$ (1,570,154)
Basic and diluted loss per common share		$ (0.02)	$ (0.10)
Weighted average number of common shares outstanding		54,675,456	14,977,528

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

ENVIROLEACH TECHNOLOGIES INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUIITY
(Expressed in Canadian dollars - Unaudited)

	Share Capital						
	Number of Shares	Amount	Reserves	Obligation to Issue shares	Accumulated Deficit	Minority Interest	Total
Balance at December 31, 2016	9,000,000	$ 450,000	$ -	$ 100,000	$ (141,415)	$ -	$ 408,585
Shares issued at $0.25	12,000,000	3,000,000	-	-	-	-	3,000,000
Shares issuing costs	-	(54,114)	-	-	-	-	(54,114)
Share based compensation	-	-	887,593	-	-	-	887,593
Technology rights acquisition (Note 5)	28,000,000	7,000,000	-	-	-	-	7,000,000
Technology rights acquisition (Note 5)	2,000,000	100,000	-	(100,000)	-	-	-
Comprehensive loss for the period	-	-	-	-	(1,570,154)	-	(1,570,154)
Balance at March 31, 2017	51,000,000	$ 10,498,500	$ 887,593	$ -	$ (1,711,569)	$ -	$ 9,674,523
Technology rights acquisition (Note 5)	-	(2,240,000)	-	-	-	-	(2,240,000)
Exercise of warrants at $0.50	530,000	265,000		-	-	-	265,000
Exercise of finders' warrants at $0.25	206,000	95,234	(43,734)	-	-	-	51,500
Share based compensation	-	-	332,884	-	-	-	332,884
Mineworx investment in joint venture	-	-	-	-	-	312,875	312,875
Comprehensive loss for the period	-	-	-	-	(2,499,395)	(248,610)	(2,748,005)
Balance at December 31, 2017	51,736,000	$ 8,616,120	$ 1,176,743	$ -	$ (4,210,964)	$ 64,265	$ 5,646,164
Shares issued at $1.50	6,700,000	10,050,000	-	-	-	-	10,050,000
Shares issuing costs	-	(600,875)	-	-	-	-	(600,875)
Exercise of warrants at $0.50	1,815,000	907,500		-	-	-	907,500
Share based compensation	-	-	9,181	-	-	-	9,181
Mineworx investment in joint venture	-	-	-	-	-	144,237	144,237
Comprehensive loss for the period	-	-	-	-	(1,200,047)	(134,966)	(1,335,013)
Balance at March 31, 2018	60,251,000	$ 18,972,745	$ 1,185,924	$ -	$ (5,411,011)	$ 73,536	$ 14,821,194

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

ENVIROLEACH TECHNOLOGIES INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Canadian dollars)

	Three months Ended March 31, 2018	Three Months Ended March 31, 2017
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Loss for the year	$ (1,335,013)	$ (1,570,154)
Items not affecting cash:		
Amortization	229,454	253,248
Discount for early payment	-	(87,874)
Accrued interest	-	-
Foreign exchange on debt	26,166	-
Amortized interest on debt	-	-
Share-based payments	9,181	887,593
Changes in non-cash working capital items:		
Accounts receivables	(44,178)	(17,280)
Inventory	(55,182)	-
Prepaid expenses and deposits	(26,238)	(19,965)
Accounts payable and accrued liabilities	228,173	303,472
	(967,637)	(250,962)
CASH FLOWS TO INVESTING ACTIVITIES		
Purchase of equipment	(985,370)	(149,769)
	(985,370)	(149,769)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related party	222,453	(21,840)
Minority partner equity investment	144,237	-
Issuance of common shares	10,050,000	3,000,000
Cost of issuing shares	(600,875)	(54,114)
Note repayment	(127,424)	(231,017)
Royalty payments	(16,078)	-
Shares issued for warrants	907,500	-
	10,579,813	2,659,643
Change in cash for the year	8,626,806	2,294,912
Cash, beginning of the year	981,712	405,968
Cash, end of the year	$ 9,608,518	$ 2,700,880

Supplemental disclosure with respect to cash flows (Note 19)

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

1. Nature and continuance of operations

Enviroleach (the “Company”) was incorporated under the Province of Alberta Business Company Act on October 21, 2016 for the purpose of effecting a spin-out of the Leaching Technology Rights of a company with common management, Mineworx Technologies Ltd (“Mineworx”) (formerly Iberian Minerals Ltd.) The Company will develop and market hydrometallurgy solutions to the mining and E-waste sectors. The Company shares are listed for trading on the Canadian Securities Exchange (CSE) where its common shares trade under the symbol “ETI”. The Company additionally trades in the United States on the OTCQB venture marketplace under the symbol “EVLLF” and on the Frankfurt Stock Exchange (FSE) under the symbol “7N2”.

The Company’s registered office is located at 1000, 250 2nd Street SW, Calgary, Alberta T2P 0C1 and its corporate head office is located at #114 8331 Eastlake Drive, Burnaby, BC V5A 4W2.

The Company has yet to produce revenues and has not yet proven that its product will be commercially viable.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company incurred a loss of $4,318,159 for the year ended December 31, 2017 and has an accumulated deficit since inception of $4,210,964, creating substantial doubt about its ability to continue in operation These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. Significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board effective as of December 31, 2017.

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated financial statements include the accounts of a joint venture with Mineworx in which the Company is the operator and has control over the decision --making process. Under the agreement, the Company will earn 80% of the profits or incur 80% of the losses and Mineworx will receive 20%.

Significant accounting judgments, estimates and assumptions

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Management must make significant judgments or assessments as to how financial assets and liabilities are categorized.

2. Significant accounting policies (cont'd)

Basis of presentation (cont'd)

Significant judgments and estimates used in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

a) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

b) The recoverability and measurement of deferred tax assets and liabilities

Tax interpretations, regulations, and legislation in the various jurisdictions operates are subject to change. The determination of income tax expense and deferred tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments.

c) The inputs used in the Black Scholes valuation model (volatility; interest rate; expected life and dividend yield) and forfeiture rates in accounting for share-based payment transactions.

Estimating the fair value of granted stock options, warrants issued for finders' fees and the warrant liability required determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. The estimate of share -based compensation also requires determining the most appropriate inputs to the valuation model including the dividend yield, and estimating the forfeiture rate for options with vesting conditions.

d) The estimated useful life of the equipment and technology

In determining amounts of amortization and depreciation the Company is required to estimates how long the assets will be available for use.

e) The value of the technology purchased from Mineworx

The Company estimated the expected cash flow that the application of the technology would bring in order to determine whether there was any impairment in the carrying value of the asset. The company used discounted cash flow techniques and such factors as the discount rate, the royalty rate, the rate of recovery and the price of metals all went into that determination.

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of six months or less at the time of issuance to be cash equivalents. As at March 31, 2018, the Company had cash equivalents of $4,515,000 (2017 - $nil).

2. Significant accounting policies (cont'd)

Foreign currency translation

The Company's reporting currency and the functional currency is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in loss for the period.

Technology

Technology assets are the costs of acquiring rights to proprietary environmentally-friendly technologies for the concentration and extraction of valuable metals and minerals from mining and environmental waste/reclamation industries. The expected future economic benefits support the carrying value, which will be amortized over its estimated useful life, expected to be 10 years. In addition, the assets will be reviewed at least annually for impairment, which occurs if the discounted expected cash flows are less than the carrying value. See impairment of assets note below.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimate of the expenditure required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

Impairment of assets

At the end of each reporting period the carrying amounts of the Company' assets are reviewed to determine whether there is any indication that those assets are impaired. 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 the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

2. Significant accounting policies (cont'd)

Impairment of assets – cont'd

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. The Company's cash and equivalents and deposits are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At December 31, 2017, the Company has not classified any financial assets as available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. At December 31, 2017, the Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities, due to related party, and notes payable are classified as other financial liabilities.

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. 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.

2. Significant accounting policies (cont'd)

Share capital

The Company's common shares and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are charged directly to share capital.

Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the balance sheet liability method whereby 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 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 balance sheet date. Deferred tax is not recognized for temporary differences which arise on 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.

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.

Comprehensive income (loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. For the years presented, comprehensive loss was the same as net loss.

Loss per share

The Company presents basic loss per share 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 period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Joint Venture

The Company has accounted for its share of the joint venture with Mineworx by consolidating its accounts into its financial statements. This determination was made after an analysis of IFRS 11 (joint arrangements) and the terms of the joint arrangement with Mineworx

3. New standards, amendments and interpretations

The Company has not yet begun the process of assessing the impact of other new and amended standards that are effective for annual periods beginning on or after April 1, 2018, will have on its financial statements or whether to early adopt any of the new requirements. The Company does not expect the impact of such changes on the consolidated financial statements to be material, although additional disclosure may be required.

(Expressed in Canadian dollars)

4. Accounts receivables

		March 31, 2018		December 31, 2017
Sales and other taxes receivables	$	163,834	$	131,542
Trade receivables		19,110		7,223
Total receivables	$	182,944	$	138,765

5. Technology rights acquisition and notes payable to related party

In December 2016, the rights to the technology for the concentration and extraction of valuable metals and minerals was acquired for a total purchase price of 7,889,909 in two separate agreements. to acquire the rights to the technologies.

The first agreement was signed on December 13, 2016 in a transaction with Mineworx, Mohave County Mining LLP ("Mohave"), and Steve Scott ("Scott"). Under this agreement, the Company is required to make payments to Mohave and Scott in order to affect the transfer of rights as required by an earlier agreement between them and Mineworx. The total payments required to be made to Mohave and Scott are as follows:

2,000,000 Enviroleach shares	$ 100,000	(a)
Promissory note payable	$ 328,000	(b)
Advance royalty payable	$1,101,909	(c)
Total acquisition price	$1,529,909	

(a) Shares were issued in March 2017
(b) The balance represents $250,000 US.
(c) The balance represents the amortized cost of a non-interest bearing note of $1,000,000 US. The discount for interest is based on an annual interest rate of 5.0%, compounded monthly and a term of 39 months, based on projected cash flows.

The advance royalty payable is based on a payment of 10% of the "Net Profit Available for Distribution" paid quarterly to a maximum of 1,000,000 USD, with a minimum monthly payment of 5,000 USD. The amount is payable irrespective of whether profits are realized.

The full rights to the technology were acquired for another $6,360,000 in a separate agreement with Mineworx, signed December 19, 2016. The price is to be paid as follows:

a) The issue of 28,000,000 common shares valued at $4,760,000 or $0.17 per share, and

b) Promissory note of $1,600,000. The note, under which $600,000 is to be repaid within six months and the balance of $1,000,000 within two years. The note bears interest of 5.0% per annum, compounded monthly payable.

This transaction was approved by the Mineworx shareholders on March 14, 2017 and the Court of Queens Bench on March 15, 2017. The transaction was finalized on March 21, 2017.

6. Due to related party

$651,647 (2017 - $429,194) due to related party represent advances owing to Mineworx that are unsecured, non-interest bearing and without specified repayment terms.

(Expressed in Canadian dollars)

6. Due to related party (cont'd)

The Company considers officers and members of the Board of Directors as related parties. The Company's directors received $12,781 (2017 -$nil) to perform their Board of Directors duties.

Key Management costs for the three months ended March 31, 2018 was $146,856 (2017 - $55,712).

The Management Share Based Compensation for the three months ending March 31, 2018 was $nil (2017 - $379,076) and $nil (2017 - $258,881) relating to Directors.

Related party balances

The amounts due to officers and directors of the Company are as follows:

		March 31, 2018		**December 31, 2017**
Included in accounts payables and accrued liabilities(i)	$	8,208	$	5,546
	$	8,208	$	5,546

(i) These amounts are for unpaid management fees and expenses. They are unsecured, non-interest bearing and have no fixed terms of repayment.

7. Accounts payable and accrued liabilities

		March 31, 2018		December 31, 2017
Accounts payables	$	560,214	$	337,040
Accrued liabilities		20,000		15,000
	$	580,214	$	352,040

8. Equipment

The Company uses the straight-line method of depreciation at the following rates:
Equipment – 3 – 5 years,
Office furniture – 3 – 5 years,
Computer hardware – 3 years.

(Expressed in Canadian dollars)

8. Equipment (cont'd)

	Equipment	Office Furniture	Computer Hardware	Work in Progress	Total
Costs	$	$	$	$	$
December 31, 2017 Balance	425,718	18,259	19,308	979,167	1,442,452
Additions	19,239	1,802	-	964,329	985,370
Disposals	-	-	-	-	-
March 31, 2018 Balance	444,957	20,061	19,308	1,943,496	2,427,822
Depreciation					
December 31, 2017 Balance	69,276	2,568	2,776	-	74,620
Current	29,073	1,522	1,609	-	32,204
Disposals	-	-	-	-	-
March 31, 2018 Balance	98,349	4,090	4,385	-	106,824
Net Book Value	346,604	15,971	14,923	1,943,496	2,320,998

9. Technology

The technology costs represent the cost of the intangible assets acquired in the technology rights acquisition. The asset is amortized over its expected useful life of 10 years, which has expected cash flow accruing to the Company from the business of operating the mineral extraction equipment.

	Technology
Costs	$
December 31, 2017 Balance	7,889,909
Additions	-
Closing Balance	7,889,909
Amortization	
Opening Balance	788,991
Current	197,248
Closing Balance	986,239
Net Book Value	6,903,670

(Expressed in Canadian dollars)

10. Promissory notes payable

A promissory note payable was incurred in the acquisition of technology from Mohave and Scott and is described in Note 5. The note was non-interest bearing, unsecured and was due prior to June 1, 2017.

The promissory note is to be paid as follows:

a) $25,000 US at signing – December 13, 2016
b) $25,000 US by January 30, 2017
c) $200,000 US by December 31, 2017

The $25,000 due at signing was paid, the second $25,000 US payment was made in January 2017, and the final payment was agreed to be paid in March 2017 for a discounted amount of $135,000 USD. The note is now completely repaid.

A promissory note payable was incurred in the acquisition of technology from Iberian Minerals Ltd. and is described in Note 5. The note, under which $600,000 is to be repaid within six months and the balance of $1,000,000 within two years. The note bears interest of 5.0% per annum compounded monthly.

11. Advance royalty payable

The advance royalty payable was incurred in the acquisition of technology from Mohave and Scott and is described in Note 5. The debt is non-interest bearing, unsecured and due on a minimum basis as follows:

	USD	CDN
Note payable of $1,000,000 US at a discounted value	$ 839,870	$1,082,928
Payments made	97,992	126,348
Current portion- 12 payments at a discounted value of $4,200US	50,400	64,976
Long term portion	$704,078	$891,604

Payment could be accelerated should the Company generate net profits available for distribution, a calculation that takes into account management fees, depreciation, amortization, taxes and reserves.

The difference between the minimum monthly royalty payment of $5,000 USD and the amortized amount is expensed to interest. $2,872 was expensed in 2018 (2017 - $3,200).

12. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

There are 60,251,000 shares issued and outstanding as at March 31, 2018 (2017 – 51,736,000).

12. Share capital (cont'd)

The transactions giving rise to these shares during the three months ending March 31, 2018, are as follows:

- On March 1, 2018 – 6,7000,000 units were issued as part of a private placement at a price of $1.50 per unit. Each unit consisted of one common share of Enviroleach and one common share purchase warrant. Each warrant entitled the holder thereof to purchase one common share in the share capital of the Company (a "Warrant Share") at an exercise price of $2.50 per Warrant Share up to a period of two years following the date of closing.

- On March 1, 2018 – the company issued 405,333 compensation warrants (each, a "Compensation Warrant"). Each Compensation Warrant will entitle the holder to purchase one unit (consisting of one common share and one common share purchase warrant) at the private placement offering price of $1.50 per unit, and will be exercisable until March 1, 2020, including by way of cashless exercise. Each underlying common share purchase warrant will be subject to substantially the same terms as are applicable to the Warrants, except that, subject to acceleration, they will also expire on March 1, 2020, and contain a cashless exercise provision

- In quarter ending March 31, 2018 1,815,000 warrants were exercised at a price of $0.50 per share.

The transactions giving rise to these shares during the year ending December 31, 2017, are as follows:

- On March 1, 2017 – 2,000,000 shares issued to fulfill the obligation in the technology rights transfer agreement at a deemed price of $0.05.

- On March 15, 2017 – 12,000,000 units were issued as part of a private placement at a price of $0.25 per unit. Each unit consisted of one common share of Enviroleach and one common share purchase warrant. Each warrant entitled the holder thereof to purchase one common share in the share capital of the Company (a "warrant share") at an exercise price of $0.50 per warrant share up to a period of two years following the date of closing.

- On March 21, 2017 – 28,000,000 shares were issued as part of the technology rights acquisition at a deemed price of $0.17 per share.

- On December 19, 2017 – 206,000 shares were issued on the exercise of options at a price of $0.25 per share for proceeds of $51,500.

- In the quarter ending December 31, 2017 – 530,000 shares were issued on the exercise of the warrants at a price of $0.50 per share for proceeds of $265,000.

Finders' Options

Included in share-based compensation were options to financing finders. Each Option entitles the purchaser to purchase a Unit of Enviroleach at a price of $0.25 per Unit. Each unit shall be comprised of one (1) common share in the share capital of the Issuer (a "Share") and one (1) non-transferable share purchase warrant (a "Finder's Warrant"). Each Finder's Warrant will entitle the Holder thereof to purchase one (1) common share (the "Warrant Shares") in the share capital of the Corporation at an exercise price of $0.50 per Warrant Share until 4:30 pm on March 13, 2019. All the finders' options were exercised on December 19, 2017 and the 206,000 warrants at $0.50 per share were issued.

(Expressed in Canadian dollars)

Warrants

The warrants transactions and number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance outstanding, December 31, 2017	11,676,000	$ 0.50	
Granted on private placement	6,700,000	2.50	March 1, 2020
Granted as Compensation Warrants	405,333	1.50	March 1, 2020
Exercised	(1,815,000)	0.50	
Balance outstanding, December 31, 2018	16,966,333	$ 1.31	

Number of Warrants Outstanding	Number of Warrants Exercisable	Exercise Price	Expiry Date
9,861,000	9,861,000	$ 0.50	March 21, 2019
206,000	206,000	$ 0.50	March 21, 2019
6,700,000	-	$ 2.50	March 1, 2020
405,333	405,333	$ 1.50	March 1, 2020
16,966,333	10,266,333	$ 1.31	

13. Share based payments

The Company follows the policies of the Canadian Securities Exchange, under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option equals the market price of the Company's common shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years. The vesting period for all options is at the discretion of the board of directors.

	Three months ended March 31, 2018		Year ended December 31, 2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	5,100,000	$ 0.27	-	$ -
Granted	-	-	5,100,000	0.27
Exercised	-	-	-	-
Options cancelled/expired	-	-	-	-
Options outstanding, end of period	5,100,000	$ 0.27	5,100,000	$ 0.27
Options exercisable, end of period	5,100,000	$ 0.27	5,050,000	$ 0.27

(Expressed in Canadian dollars)

On March 25, 2017, the Company granted 4,800,000 stock options to directors, officers, employees and various consultants of the Company. The options are at an exercise price of $0.25 per share and valid for a period of five years from the date of the grant. The options vested upon grant.

On June 30, 2017, the Company granted 100,000 stock options to a director of the Company. The options are at an exercise price of $0.50 per share and valid for a period of five years from the date of the grant. The options vested upon grant.

On August 1, 2017, the Company granted 100,000 stock options to a consultant of the Company. The options are at an exercise price of $0.60 per share and valid for a period of five years from the date of the grant. 50% of the options vested 3 months after the grant date and 50% vested 6 months after the grant date.

On November 10, 2017, the Company granted 100,000 stock options to a consultant of the Company. The options are at an exercise price of $0.88 per share and valid for a period of two years from the date of the grant. The options vested upon grant.

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
4,800,000	4,800,000	$ 0.25	March 25, 2022
100,000	100,000	$ 0.50	June 30, 2022
100,000	100,000	$ 0.60	August 1, 2022
100,000	100,000	$ 0.88	November 10, 2019
5,100,00	5,100,000		

(Expressed in Canadian dollars)

14. Reserves

The reserves record items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. The total share-based payments recognized during the three months ending March 31, 2018, under the fair value method was $9,181 (2017 - $887,593l).

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended December 31, 2017:

	2017
Risk-free interest rate	0.51%
Expected life of options	4.94 years
Annualized volatility	127.92%
Dividend rate	0.00%

15. Lease obligations

The company is obligated to pay future lease payments relating to office space and equipment used in its operations. The minimum lease payments for the next 5 years are as follows:

2018	104,481
2019	104,481
2020	104,481
2021	104,481
2022	26,120

16. Management of capital

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

In the management of capital, the Company includes its cash balances and components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or adjust the amount of cash and cash equivalents and investments.

At this stage of the Company's development, in order to maximize ongoing development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

17. Financial risk management

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes 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 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

Cash is classified as Level 1.

As at March 31, 2018, the carrying values of cash, receivables, accounts payable and accrued liabilities and promissory note payable approximate their fair values due to their short terms to maturity. Advance royalty payable is carried at amortized cost.

18. Financial risk management

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to $100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At March 31, 2018, management considers the Company’s exposure to credit risk is minimal.

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 has a planning and budgeting process in place to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As at March 31, 2018, the Company had a cash balance of $9,608,518 to settle current liabilities of $4,791,560. So far, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company’s access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Market risk

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

a) Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At March 31, 2018, the Company was not exposed to significant interest rate risk.

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company’s earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

19. Supplemental disclosure with respect to cash flows

There were no significant non-cash transaction in the three months ending March 31, 2018.

During the Year ended December 31, 2017, the significant non-cash transactions were as follows:

a) The Company issued a note payable of $1,600,000 as the note was for the purchase of technology and the payment is included in amounts invested in technology. No amounts were paid during the year, so the agreement had no cash flow impact.

b) The Company issued 2,000,000 common shares at a value of $100,000. These were for the purchase of technology; the payment is included in amounts invested in technology.

c) The Company issued 28,000,000 common shares at a value of $4,760,000. These were for the purchase of technology; the payment is included in amounts invested in technology.

d) Mineworx transferred assets that were valued at $312,875 representing their 20% of the Joint Venture.

20. Basic and diluted income (loss) per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2018 was based on the loss attributable to common shareholders of $1,200,047 (2017 – $1,570,154) and the weighted average number of common shares outstanding of 54,675,456 (2017 – 14,977,528).

Diluted loss per share did not include the effect of 5,100,000 exercisable stock options, 10,266,333 exercisable share purchase warrants as the effect would be anti-dilutive.

21. Segmented information

The Company has one reportable segment, being the development and marketing of hydrometallurgy solutions to the mining and E-waste sectors. The Company operates in the Canadian provinces of British Columbia and Alberta.

22. Subsequent events

On April 12, 2018 – 200,000 options were granted to employees with an exercise price of $1.65 per share and term of 5 years.

On April 17, 2018 – 100,000 options were exercised at a price of $0.60 per share.

On May 17, 2018 – 20,000 options were exercised at a price of $0.25 per share.

On May 28, 2018 – 100,000 warrants were exercised at a price of $0.50 per share.