MOSAIC MINERALS CORP

FINANCIAL STATEMENTS

For the period from incorporation on June 21, 2018 to December 31, 2018
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Mosaic Minerals Corp.

Opinion

We have audited the accompanying financial statements of Mosaic Minerals Corp. (the "Company"), which comprise the statement of financial position as at December 31, 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on June 21, 2018 to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, 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 audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* for *the Audit of the 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred losses during the period from incorporation to December 31, 2018 and, as of that date, the Company's total deficit was $235,219. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Erez Bahar.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada | Chartered Professional Accountants

May 17, 2019

MOSAIC MINERALS CORP

STATEMENT OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

		DECEMBER 31, 2018
ASSETS		
Current		
Cash	$	150,007
Sales taxes receivable		10,852
Total Current Assets		160,859
Non-current Assets		
Exploration and evaluation assets (Note 8)		360,000
Total Assets	$	520,859
LIABILITIES		
Current Liabilities		
Trade and other payables (Note 10)	$	59,989
Due to related party (Note 5)		500
Flow through share premium liability (Note 13)		41,579
Total Liabilities		102,068
Shareholders' Equity		
Share capital (Note 6)	$	654,010
Deficit		(235,219)
Total Deficiency		418,791
Total Liabilities and Shareholders' Equity	$	520,859

Commitments – Note 13

These financial statements were approved and authorized for issue by the Board of Directors on May 17, 2019.

They are signed on the Company's behalf by:

"John Cumming"	*"Maurice Giroux"*
John Cumming, Director	Maurice Giroux, Director

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

MOSAIC MINERALS CORP

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE PERIOD FROM THE DATE OF INCORPORATION ON JUNE 21, 2018 TO DECEMBER 31, 2018

(Expressed in Canadian Dollars)

		December 31, 2018
Expenses		
Administration	$	**9,150**
Consulting and management fees		**53,853**
Exploration and evaluation expenditures (Note 8 & 10)		**143,312**
Finance fees		**6,090**
Office and general		**7,845**
Professional fees (Note 10)		**62,740**
	$	**(282,990)**
Other items		
Recovery of flow through premium (Note 13)		**47,771**
Loss and comprehensive loss for the period	$	**(235,219)**
Basic and diluted loss per share (Note 7)	$	**(0.03)**
Weighted average number of shares outstanding		**7,225,569**

The accompanying notes are an integral part of these financial statements

MOSAIC MINERALS CORP

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2018
(Expressed in Canadian Dollars)

	SHARE CAPITAL			
	SHARES	AMOUNT	CONTRIBUTED SURPLUS	DEFICIT	TOTAL EQUITY
Balance, June 21, 2018	**-**	**$ -**	**$ -**	**$ -**	**$ -**
Founders shares issued for cash	4,500,000	30,000	-	-	30,000
Shares issued for Opawica property	7,200,000	360,000	-	-	360,000
Shares issued for cash (Non-flow through)	2,370,750	97,550	-	-	97,550
Shares issued for cash (Flow-through)	4,127,500	261,250	-	-	261,250
Flow through premium	-	(89,350)	-	-	(89,350)
Share issue costs	-	(5,440)	-	-	(5,440)
Net loss for the period	-	-	-	(235,219)	(235,219)
Balance, December 31, 2018	**18,198,250**	**$ 654,010**	**$ -**	**$ (235,219)**	**$ 418,791**

The accompanying notes are an integral part of these financial statements

MOSAIC MINERALS CORP

STATEMENTS OF CASH FLOWS

FOR THE PERIOD FROM THE DATE OF INCORPORATION ON JUNE 21, 2018 TO DECEMBER 31, 2018

(Expressed in Canadian Dollars)

		December 31, 2018
Operating Activities		
Net loss for the period	$	(235,219)
Items not involving cash:		
Flow-through premium recovery		47,771
Changes in operating assets and liabilities		
Sales taxes receivable		(10,852)
Trade and other payables		(35,553)
Payable to related party		500
Cash flows used in operating activities		(233,353)
Financing Activities		
Shares issued for cash		388,800
Share issuance costs		(5,440)
Cash flows from financing activities		383,360
Net change in cash		150,007
Cash, beginning of the period		-
Cash, end of the period	$	150,007
Supplemental disclosure on cash flow information:		
Flow through premium	$	89,350
Shares issued for exploration and evaluation assets	$	360,000

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Mosaic Minerals Corp. (the "Company") specialize in exploration of gold mining sites located in Quebec, Canada. The Company is preparing to list its common shares on the Canadian Securities Exchange ("CSE"). The Company was incorporated under the British Columbia Business Corporations Act in June 2018 with a registered office and principal place of business at 4908 Pine Crescent, Vancouver, British Columbia, V6M 3P6.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The recoverability of the amounts expensed for exploration and resource property evaluation assets are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the evaluation and development of commercially viable reserves, and upon future profitable production or proceeds from the disposition of exploration and evaluation assets.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at December 31, 2018, the Company had working capital of $58,791 and an accumulated deficit of $235,219. These items may cast a significant doubt on the Company's ability to continue as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Plan of Arrangement Spin-Out Share Distribution

On November 7, 2018, Stellar AfricaGold Inc. ("Stellar") signed an arrangement agreement with Mosaic pursuant to which Stellar would distribute to Stellar shareholders 2,000,000 of the 7,200,000 shares of Mosaic Minerals Corp.

The spin out distribution to Stellar shareholders will use a statutory plan of arrangement (the "Arrangement") and each Stellar shareholder will receive 0.0312 of a Mosaic share for each Stellar share held. On December 18, 2018 Stellar shareholders approved the plan of arrangement. The plan of arrangement and the spin out share distribution will be effective after the receipt of a final order from the British Columbia Supreme Court and after required filings are made with the BC Companies Registry.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These financial statements of the Company for the period from the date of incorporation to December 31, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), applicable to financial information as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and presentation currency

The financial statements are presented in Canadian dollars.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities within three months held for the purpose of meeting short-term cash commitments rather than for investing purposes. The Company did not have cash equivalents as at December 31, 2018.

b) Exploration property acquisition costs

Costs related to the acquisition of exploration properties are capitalized and deferred until such time as the property is either sold, or put into production. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Costs related to the exploration and evaluation of properties are recognized in profit or loss as incurred, up to the time a decision is made to proceed with the development of the related exploration property due to the existence of economically recoverable reserves. A mineral resource is considered to have economic potential when it is expected that a documented resource can be legally and economically developed considering forecast metal prices.

Incoming option payments, or proceeds from the sale of royalty interests received by the Company are first applied to capitalised costs, with any excess recognized in profit or loss. Tax credits received are applied against the costs that generated the tax credit. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

c) Provisions and Contingent Liabilities

Provisions are recognized when present obligations resulting from past events will likely result in an outflow of economic resources from the Company and that the amounts can be reliably estimated. The timing or amount of outflow may be uncertain.

The measurement of provisions corresponds to the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting data, including risks and uncertainties relating to the present obligation. Provisions are discounted when the time value of money is significant.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimates. When possible outflow of economic resources arising from present obligations is considered improbable or remote, no liability is recognized unless it has been taken on the occasion of a business combination.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations.

Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd…)

d) Tax Credits Receivable

The Company is entitled to a refundable tax credit on qualified Quebec exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. Such credits are recognized as a reduction of the exploration expenses. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

e) Flow-Through Shares

Tax law in Canada permits the Company to transfer certain corporate tax losses to investors for their deduction, through a mechanism known as flow-through shares. When an investor purchases flow-through shares from the Company, the Company recognizes a liability for the premium paid for the flow-through shares that is in excess of the market value of shares without flow-through features at the time of issue. As qualifying expenditures are incurred, the Company decreases the liability for the flow-through share premium on a pro-rata basis and transfers the amounts to profit or loss.

f) Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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

i. Basic and Diluted 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.

ii. Share Capital

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit recognized from these issuance costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd…)

g) Share Capital

When shares are issued on the exercise of options and warrants, the share capital account also comprises the costs previously recorded as contributed surplus and warrants. When shares are issued as consideration for the acquisition of a mineral property they are measured at their fair value according to the quoted price on the date of issue.

Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issuance costs are charged to capital stock when the related shares are issued. Deferred share issuance costs related to financing transactions that are not eventually completed are charged to profit or loss.

Share-based payments

The Company applies the fair value method of accounting for all stock option awards. Under this method, compensation expense attributed to the award of options to employees is measured at the fair value of the award on the date of grant, and is recognized over the vesting period of the award. Share-based payments to non-employees are valued based on the fair value of the service received, if reliably determinable, otherwise based on the fair value of the award granted. Valuation is calculated based on the date at which the Company receives the service. If and when the stock options are ultimately exercised, the applicable amounts of other equity reserves are transferred to capital stock.

The fair value of instruments granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions under which the instruments are granted. The fair value of the awards is adjusted by an estimate of the number of awards that are expected to vest as a result of non-market conditions. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest based on the non-market conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

Warrants issued with a common share, as part of a unit offering, are valued using the residual value method. A value representing the premium to the market-price that is obtained (if any) during the issuance is attributed to the warrant.

h) Foreign exchange

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss. Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

i) Impairment of non-financial assets

The recoverability of amounts expended on exploration property acquisition costs is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the Company's ability to overcome the regulatory, financing and other hurdles in order to complete their development and future profitable production or proceeds from the disposition thereof.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd…)

j) Impairment of non-financial assets

The Company performs impairment tests on property and equipment and exploration property interests when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on a project-by-project basis with each project representing a single cash generating unit.

When impairment indicators are identified, an impairment loss is recognized if the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's value in use or the asset's fair value less costs to sell.

An impairment loss is reversed if there is an indication that there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amounts that would have been determined (net of depreciation) if no impairment loss had been recognized.

k) Financial instruments

On January 1, 2018, the Company adopted IFRS 9, Financial Instruments ("IFRS 9"), which replaced IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The following accounting policies reflect the adoption of IFRS 9.

<u>Financial assets</u>

The Company classifies its financial assets in the following categories: fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL") are initially recognized at fair value with changes in fair value recorded in profit or loss. The Company does not have any financial assets designated as FVTPL.

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash and receivables are recorded at amortized cost.

Fair value through other comprehensive income ("OCI")

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd…)

j) Financial instruments (continued)

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows.

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

Level 2 Valuation based on directly or indirectly observable inputs (other than Level 1 inputs) such as quoted interest or currency exchange rates; and

Level 3 Valuation based on significant inputs that are not based on observable market data such as discounted cash flow methodologies based on internal cash flow forecasts.

Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

l) Accounting Pronouncements Adopted

The following new and revised IFRSs have been adopted by the Company and have had no significant impact on the financial statements of the Company.

IFRS 15 Revenue from Contracts with Customers establishes a five-step model that will apply to revenue earned from a contract, regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 Leases replaces IAS 17 – Leases and requires lessees to account for leases on statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019.

4. ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to use judgement in making estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management has made judgements in a number of areas in preparing these financial statements. Those judgements that have the most significant effect on the amounts recognised in the financial statements are the determination whether the entity remains a going concern, and the assessment of impairment indicators for the Company's exploration property acquisition costs. Areas of critical accounting estimates include share-based payments and warrants and deferred tax assets.

Critical judgements

a) Going concern

These statements have been prepared on the assumption that the Company is able to continue as a going concern. Additional information relating to the going concern assumption is disclosed in Note 1.

b) Impairment of exploration property acquisition costs

Management's judgement is that there were no significant indicators of impairment of certain exploration property acquisition costs. Ownership in exploration properties involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many exploration properties. Also, the Company must periodically apply to the relevant government entities for exploration-licence renewals, extensions and conversions and is subject to those entities' decisions. The Company has investigated ownership of its exploration properties and in management's judgement, ownership of its remaining exploration property interest is in good standing at December 31, 2018.

Key sources of estimation uncertainty

c) Share-based payments and warrants

Determining the fair value of options and warrants requires the exercise of judgement related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Option and warrant pricing models require the input of highly subjective assumptions including the expected price volatility and expected life. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's options or warrants at the date of grant. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. Refer to Note 6 for a summary of assumptions used.

d) Deferred tax assets

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected. Actual results may differ from the estimates made. Judgements and estimates, and their underlying assumptions, are reviewed on an ongoing basis. Revisions to accounting estimates or judgements are recognized in the period in which the estimates are revised and in any future periods affected.

(Expressed in Canadian Dollars)

5. LOANS PAYABLE

A director of the Company has paid a creditor of the Company $500 in expenses on behalf of the Company. This loan is unsecured, has no terms of repayment and does not bear interest. (Note 10)

6. SHARE CAPITAL

i. Authorized

Unlimited number of shares without par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meetings of the Company.

ii. Issued during the period from the date of incorporation June 21, 2018 to December 31, 2018

During the period the Company issued 4,500,000 shares of common stock to founders of the Company for cash of $30,000 or $0.0067 per share.

On July 30, 2018, the Company issued 5,327,500 units consisting of 1,942,500 common shares for $77,700 cash or $0.04 per share and 3,385,000 common shares with Canadian Exploration Expense ('CEE') income tax flow through benefits for cash of $203,100 or $0.06 per share.

On October 15, 2018, the Company issued 218,750 units consisting of 156,250 common shares for $6,250 cash or $0.04 per share and 62,500 common shares with CEE income tax flow through benefits for cash of $3,750 or $0.06 per share.

On October 15, 2018, the Company issued 7,200,000 common shares valued at $360,000 for the acquisition of the Opawica mineral property described in Note 8.

On December 28, 2018 the Company issued 952,000 units consisting of 272,000 common shares for $13,600 cash or $0.05 per share and 680,000 common shares with CEE income tax flow through benefits for cash of $54,400 or $0.08 per share. Pursuant to this financing the Company issued 476,000 share purchase warrants exercisable at $0.10 per share for a period of 18 months. The 476,000 warrants were allocated a value of $nil using the residual value allocation method.

In connection with the December 2018 financing, the Company issued 11,200 share purchase warrants exercisable at $0.05 per share for a period of 18 months with a nominal fair value based on the Black Scholes model. The Black Scholes valuation model was used to determine the fair value of the warrants with the following assumptions: risk free rate of 1.75%, expected annual volatility of 100%, expected life of 18 months, expected dividend yield of 0% and an exercise price of $0.05.

iii. Warrants

The number of outstanding warrants which could be exercised for an equivalent number of ordinary shares is as follows:

Expiration date	Number of warrants	Remaining year	Expiry date	Exercise price
Outstanding, June 21, 2018	-			-
June 28, 2020	11,200	1.49	June 28, 2020	$ 0.05
June 28, 2020	476,000	1.49	June 28, 2020	$ 0.10
Outstanding, December 31, 2018	487,200	1.49		

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (Cont'd…)

iv. Stock Options

The Company had granted no options to acquire common shares at December 31, 2018.

7. LOSS PER SHARE

During the period, in calculating the diluted loss per share for the period ended December 31, 2018, dilutive potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the earnings per share would be antidilutive.

The basic and diluted loss per share has been calculated as follows.

		December 31, 2018
Net loss for the period	$	(235,219)
Weighted average number of shares in circulation		7,225,569
Basic and diluted loss per share	$	(0.03)

8. EXPLORATION AND EVALUATION EXPENDITURES

		December 31, 2018
EXPLORATION EXPENDITURES		
Geophysics, trenching and sampling	$	92,967
Geologist and professional fees		45,300
General exploration and campsite expenses		5,045
TOTAL EXPLORATION EXPENSES	$	143,312

Pursuant to a June 28, 2018 sale agreement, amended July 27, 2018, the Company acquired the Opawica mineral property located in Quebec for $360,000 through the issuance of 7,200,000 shares of Mosaic Minerals Corp. at $0.05 per share (Note 6).

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		December 31, 2018
Statutory rate		27%
Loss for the year	$	(235,219)
Expected income tax recovery	$	(64,000)
Impact of flow through shares		39,000
Share issue costs		(1,000)
Change in unrecognized deferred tax assets		26,000
Total income tax recovery	$	--

(Expressed in Canadian Dollars)

9. INCOME TAXES (Cont'd…)

The significant components of the Company's unrecorded deferred tax assets are as follows:

		December 31, 2018
Deferred Tax Assets		
Share issue costs		1,000
Non-capital losses available for future periods		25,000
		26,000
Unrecognized deferred tax assets		(26,000)
Net deferred tax assets	$	--

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

		December 31, 2018	Expiry Date Range
Share issuance costs	$	4,000	2023 to 2028
Non-capital losses available for future periods		93,000	2031 to 2038

10. RELATED PARTY TRANSACTIONS

The Company's related parties include Company directors, officers, key management and companies held by key management.

During the period ended December 31, 2018 the Company entered into an unsecured, non-interest bearing loan with a director of the Company in the amount of $500. There is no term of repayment. (Note 5).

Related party transactions include executive remuneration, shareholder loans to the Company, incentive stock options and interest paid or accrued on shareholder loans and unpaid remuneration.

During the period ended December 31, 2018 the Company paid $14,600 to a director of the Company for legal services and paid a director of the Company $73,900 in project management fees.

The Company closed its purchase of the Opawica property located in Quebec from Stellar in exchange for 7,200,000 shares of common stock of Mosaic Minerals Corp. at a deemed price of $0.05 per share. Mosaic has two directors in common with the property vendor.

As at December 31, 2018 amounts due to key management personnel was $11,250.

11. CAPITAL MANAGEMENT

The Company's capital management objectives are:
- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to owners of the parent.

11. CAPITAL MANAGEMENT (Cont'd…)

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means. The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which proceeds are committed for exploration work.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings.

When financing conditions are not optimal the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

No changes were made in the objectives, policies and processes for managing capital during the period ended December 31, 2018.

12. FINANCIAL INSTRUMENT RISK DISCLOSURES

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities are summarized below. The main risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The most significant financial risks to which the Company is exposed to are described below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at December 31, 2018 the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	December 31, 2018
Cash	$ 150,007

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are government agencies or reputable banks with high quality external credit ratings.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount. Over the past period, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private and flow-through financings.

The Company's trade and other payables all contractually mature within three months, except for amounts due to related parties which are payable on demand.

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENT RISK DISCLOSURES (Cont'd…)

Liquidity risk (Cont'd…)

The carrying amounts and fair value of financial instruments presented in the statement of financial position are as follows:

	December 31, 2018	
	Carrying amount	Fair value
FINANCIAL ASSETS		
Cash	$ 150,007	$ 150,007
Sales tax receivable	10,852	10,852
FINANCIAL LIABILITIES		
Trade and other payables	59,989	59,989
Related party loan	500	500

13. CONTINGENCIES AND COMMITMENTS

The Company issued 4,127,500 flow-though common shares for total proceeds of $261,250 during the period ended December 31, 2018. By December 31, 2018, $143,312 had been spent on eligible exploration expenditure and the Company has a remaining commitment to spend $117,938 by December 31, 2019 resulting in a recovery of flow-though premium of $47,771.

The following is a continuity schedule of the deferred premium on flow-through share issuances:

Balance June 21, 2018	$ -
Initial recognition of deferred premium on flow through shares	89,350
Settlement of flow-through share liability on incurring expenditures	(47,771)
Balance at December 31, 2018	$ 41,579