Chantrell Ventures Corp.

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

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A CHAN AND COMPANY LLP
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of
Chantrell Ventures Corp.

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and December 31, 2017, and its financial performance and its cash flow for the years ended December 31, 2017 and December 31, 2016 in accordance with International Financial Reporting Standards (IFRSs).

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 audits 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.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $165,490 during the year ended December 31, 2018 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of $4,931,920 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

In connection with our audits 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 audits or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 practitioner on the audit resulting in this independent auditors' report is Anthony Chan, CPA, CA.

"A Chan & Company LLP"
Chartered Professional Accountant

Unit# 114B (2nd floor) – 8988 Fraserton Court
Burnaby, BC, Canada V5J 5H8
March 15, 2019

CHANTRELL VENTURES CORP.

AUDITED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at December 31,		2018		2017
Assets				
Current				
Cash and cash equivalents (Note 4)	**$**	**92,767**	$	9,070
Trade and other receivables (Note 5)		**3,199**		10,507
Prepaid expenses		**7,548**		7,358
		103,514		26,935
Equipment (Note 6)		**-**		6,267
	$	**103,514**	$	33,202
LIABILITIES				
Current				
Trade and other payables (Note 7 and 8)	**$**	**45,150**	$	108,748
		45,150		108,748
EQUITY				
Share capital (Note 9 (a))		**2,827,400**		2,563,000
Reserve for warrants (Note 10)		**50,000**		50,000
Reserve for share based payments (Note 11)		**2,112,884**		2,077,884
Deficit		**(4,931,920)**		(4,766,430)
		58,364		(75,546)
	$	**103,514**	$	33,202

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 15)

Approved on behalf of the Board on March 15, 2019:

"Paul A. Parisotto" Director

"Lorie Waisberg" Director

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

CHANTRELL VENTURES CORP.

AUDITED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

For the years ended December 31,		**2018**		2017
Expenses				
Management and consulting fees (Note 8)	**$**	**60,000**	$	40,000
Share based payments (Note 9 (b))		**35,000**		-
Office and miscellaneous		**26,797**		36,517
Professional fees		**21,300**		31,840
Shareholder information		**17,969**		10,643
Project investigation costs		**-**		142,979
Depreciation (Note 6)		**4,424**		1,567
Net loss and comprehensive loss for the year	**$**	**(165,490)**	$	(263,546)
Loss per share				
Basic and diluted	**$**	**(0.01)**	$	(0.01)
Weighted average number of common shares outstanding				
Basic and diluted (000's)		**21,171**		18,612

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

CHANTRELL VENTURES CORP.

AUDITED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

	Share Capital		Reserves			
	Number of Shares	**Amount**	**Share based payments**	**Warrants**	**Deficit**	**Total**
Balance at December 31, 2016	18,611,857	$ 2,563,000	$ 2,077,884	$ 50,000	$ (4,502,884)	$ 188,000
Total comprehensive loss for the year	-	-	-	-	(263,546)	(263,546)
Balance at December 31, 2017	**18,611,857**	**$ 2,563,000**	**$ 2,077,884**	**$ 50,000**	**$ (4,766,430)**	**$ (75,546)**
Private placement	**5,400,000**	**270,000**	**-**	**-**	**-**	**270,000**
Share issue costs on private placement	**-**	**(5,600)**	**-**	**-**	**-**	**(5,600)**
Share based payments	**-**	**-**	**35,000**	**-**	**-**	**35,000**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(165,490)**	**(165,490)**
Balance at December 31, 2018	**24,011,857**	**$ 2,827,400**	**$ 2,112,884**	**$ 50,000**	**$ (4,931,920)**	**$ 58,364**

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

CHANTRELL VENTURES CORP.

AUDITED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

For the years ended December 31,		**2018**		2017
Cash flows used in operating activities				
Net loss for the year	**$**	**(165,490)**	$	(263,546)
Add items not affecting cash:				
Share based payments		**35,000**		-
Depreciation		**4,424**		1,567
Changes in non-cash working capital balances:				
Trade and other receivables		**7,308**		(4,149)
Prepaid expenses and deposits		**(190)**		-
Trade and other payables		**(63,598)**		67,773
Cash flows used in operating activities		**(182,546)**		(198,355)
Cash flows provided from financing activities				
Proceeds from private placements		**270,000**		-
Share issue costs on private placements		**(5,600)**		-
Cash flows provided from financing activities		**264,400**		-
Cash flows provided from investing activities				
Proceeds from sale of capital assets		**1,843**		-
Cash flows provided from investing activities		**1,843**		-
Increase (Decrease) in cash and cash equivalents		**83,697**		(198,355)
Cash and cash equivalents, beginning of year		**9,070**		207,425
Cash and cash equivalents, end of year	**$**	**92,767**	$	9,070

SUPPLEMENTAL CASH FLOW INFORMATION

Interest received	**$**	**-**	$	283
Income tax paid	**$**	**-**	$	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS

Chantrell Ventures Corp. (the "Company") is a public company incorporated under the laws of the Province of Alberta and continued into the Province of British Columbia under the Business Corporations Act on July 29, 2004. The Company's head office is located at 145 King St. W., Suite 2870, Toronto, ON, M5H 1J8.

As at December 31, 2018, the Company had working capital of $58,364 (2017 – working capital deficiency of $81,813), had not yet achieved profitable operations, had accumulated losses of $4,931,920 (2017 - $4,766,430) and expects to incur further losses in the development of its business, all of which casts significant doubt upon the Company's ability to continue as a going concern. The Company is looking to acquire exploration and development assets. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so.

Management believes the Company has sufficient funds to cover planned operations throughout the next twelve month period. However, management may secure additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the statement of financial position classifications used in the financial statements.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements were approved and authorized by the Board of Directors of the Company on March 15, 2019.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

2.3 Use of management estimates, judgments and measurement uncertainty

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses.

2. BASIS OF PRESENTATION *(continued)*

2.3 Use of management estimates, judgments and measurement uncertainty *(continued)*

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to recoverability of trade and other receivables, valuation of deferred income tax amounts and the calculation of share-based payments. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

Income taxes
Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. The Company follows the liability method for calculating deferred taxes. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets and liabilities recorded at the statement of financial position date could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Mineral properties

All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into Property, plant and equipment (“PPE”). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

3.2 Decommissioning, restoration and similar liabilities (“Asset retirement obligation” or “ARO”)

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized as its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related mineral property asset in the case where technical feasibility has been established, and expensed if technical feasibility is yet to be established. Once capitalized, the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

3.3 Share based payments

Share based payment transactions
Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share based payment transactions, whereby they render services as consideration for equity instruments (“equity-settled transactions”).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 Share based payments *(continued)*

Share based payment transactions *(continued)*
In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity-settled transactions
The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative cost is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

3.4 Taxation

Income tax on the profit or loss for the periods presented comprises current and deferred tax. 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 provided using the balance sheet liability method, 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 or taxable profit; 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 financial position reporting 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.5 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the years ended December 31, 2018 and 2017, all of the outstanding stock options and warrants were antidilutive.

3.6 Financial instruments

Effective January 1, 2018, the Company has adopted IFRS 9 Financial Instruments ("IFRS 9") which replaced IAS 39 Financial Instruments and elected to use the exemption to not restate comparative information for prior periods. Prior periods were not restated and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement, and there were no quantitative impacts from adoption on the Company's audited financial statements.

As a result of the adoption of IFRS 9, The Company's accounting policy for financial instruments under IFRS 9 has been updated as follows:

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified at FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified and measured at:

(i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL). All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. The classification determines the method by which financial assets are carried on the balance sheet subsequent to inception and how changes in value are recorded. Cash and cash equivalents, and accounts receivable are measured at FVTPL with subsequent impairments recognized in the statements of operations and comprehensive loss. Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. Financial liabilities, other than financial liabilities classified as FVTPL, are measured in subsequent periods at amortized cost using the effective interest method. Accounts payable and long-term debt are classified as other financial liabilities and carried on the balance sheet at amortized cost.

Impairment and uncollectibility of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if objective evidence that can be estimated reliably indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If a financial asset measured at amortized cost is impaired, an amount equal to the difference between its carrying value and the

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.6 Financial instruments (continued)

present value of the estimated future cash flows discounted at the original effective interest rate is recognized as an impairment loss in the statement of loss and comprehensive loss. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Reversals of impairment charges are recognized in the consolidated statements of operations and comprehensive loss in the period in which they occur.

Impact of change in accounting policy

Upon initial application of IFRS 9, there is no impact to the audited financial statements as of the date of initial application. Under IFRS 9, the Company's financial instruments are classified and subsequently measured as follows: cash and cash equivalents and accounts receivable are valued at FVTPL, accounts payable are valued at amortized cost.

3.7 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 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. The increase in the provision due to passage of time is recognized as interest expense.

3.8 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short term deposits with a remaining maturity of 90 days or less on the date of acquisition and which are readily convertible into a known amount of cash.

3.9 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. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.10 Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss and the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount.

3.11 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.11 Property, plant and equipment *(continued)*

Depreciation is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the declining balance method or unit-of-production method over the following expected useful lives:

- Office, furniture and fixtures 20%

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive income.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for PPE and any changes arising from the assessment are applied by the Company prospectively.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

3.12 New and revised standards and interpretations

New and revised standards and interpretations not yet adopted

At the date of authorization of these audited financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

- IFRS 16 *Leases* (“**IFRS 16**”), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and nonlease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12-months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15.

New and revised standards and interpretations adopted

At January 1, 2018, the Company adopted the following standards/amendments for which there was no impact on the Company’s financial statements:

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.12 New and revised standards and interpretations *(continued)*

New and revised standards and interpretations adopted *(continued)*

- In July 2014 the IASB issued the final amendments to IFRS 9, *Financial Instruments* ("IFRS 9") which provides guidance on the classification and measurement of financial assets and liabilities, impairment of financial assets, and general hedge accounting. The Classification and measurement portion of the standard determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The amended IFRS 9 introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. In addition, the amended IFRS 9 includes a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new standard is effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 *Revenue from Contracts with Customers* - IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), was issued in May 2014 and will replace IAS 11, "Construction Contracts," IAS 18, "Revenue Recognition," IFRIC 13, "Customer Loyalty Programmes," IFRIC 15, "Agreements for the Construction of Real Estate," IFRIC 18, "Transfers of Assets from Customers," and SIC-31, "Revenue – Barter Transactions Involving Advertising Services." IFRS 15 provides a single, principle-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17 and financial instruments and other contractual rights or obligations within the scope of IFRS 9 "Financial Instruments," IFRS 10, "Consolidated Financial Statements" and IFRS 11, "Joint Arrangements." In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. 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 required for annual periods beginning on or after January 1, 2018.

4. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents at December 31, 2018, consisted of $92,767 (2017 - $16) on deposit with major Canadian financial institutions in Canada and $Nil (2017 - $9,054) in short-term guaranteed investment certificates and fixed instruments with maturities of less than 90 days.

5. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise primarily from harmonized services tax ("HST") receivable due from government taxation authorities. Receivables are broken down as follows:

As at December 31,	**2018**	2017
	$	$
HST receivable	**3,199**	10,507
Total Trade and Other Receivables	**3,199**	10,507

Below is an aged analysis of the Company's trade and other receivables:

As at December 31,	**2018**	2017
	$	$
Less than 1 month	**3,199**	10,507
Total Trade and Other Receivables	**3,199**	10,507

(Expressed in Canadian dollars)

5. TRADE AND OTHER RECEIVABLES *(continued)*

At December 31, 2018, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables is further discussed in Note 12.

The Company holds no collateral for any receivable amounts outstanding as at December 31, 2018.

6. EQUIPMENT

		Office, furniture and fixtures
Cost		
As at December 31, 2016 and 2017	**$**	**25,164**
Dispositions		**(25,164)**
As at December 31, 2018	**$**	**-**
Accumulated depreciation		
As at December 31, 2016	$	17,330
Depreciation		1,567
As at December 31, 2017	**$**	**18,897**
Depreciation		**4,424**
Dispositions		**(23,321)**
As at December 31, 2018	**$**	**-**
Net book value		
As at December 31, 2017	$	6,267
As at December 31, 2018	**$**	**-**

7. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

As at December 31,	**2018**	2017
	$	$
Less than 60 days, accruals and small advances	**31,480**	81,041
61 – 120 days	**13,670**	27,707
Total Trade and Other Payables	**45,150**	108,748

8. RELATED PARTY TRANSACTIONS

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other services to Chantrell. All transactions were conducted in the normal course of operations and are measured at the exchange amounts.

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS *(continued)*

Compensation of key management personnel

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management included:

Year ended December 31,		**2018**		2017
Balances:				
Employee salaries	**$**	**60,000**	$	40,000
Share based payments		**27,600**		-
Total compensation paid to key management	**$**	**87,600**	$	40,000

As at December 31, 2018, the Company had $31,000 (2017 - $46,000) in trade and other payables due to an officer and director of the Company and a company controlled by an officer and director of the Company.

During the year ended December 31, 2018, an officer and director of the Company participated in the Company's private placement and subscribed for 600,000 (2017 – Nil) shares, for total gross proceeds to the Company of $30,000 (2017 – $Nil). (See Note 9 (a))

9. SHARE CAPITAL

(a) Authorized – Unlimited Common shares without par value
Unlimited Preferred shares without par value

The issued and outstanding share capital is as follows:

Common shares	**Number of Shares**	**Amount**
Balance, December 31, 2016 and 2017	**18,611,857**	**$ 2,563,000**
Private placement	**5,400,000**	**270,000**
Share issue costs on private placement	**-**	**(5,600)**
Balance, December 31, 2018	**24,011,857**	**$ 2,827,400**

On July 13, 2018, the Company completed a private placement of 5,400,000 common shares at a price of $0.05 per common share for proceeds of $270,000. An officer and director of the Company participated in the Company's private placements and subscribed for 600,000 shares, for total gross proceeds to the Company of $30,000.

(b) Options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees, and consultants of the Company. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The options vest immediately unless otherwise specified. The maximum aggregate number of common shares under options any time under the Plan cannot exceed 10% of the issued shares. As at December 31, 2018, the Company had 621,186 (2017 – 1,031,186) options available for issuance under the plan. Continuity of the options outstanding to purchase common shares is as follows:

(Expressed in Canadian dollars)

9. SHARE CAPITAL *(continued)*

(b) Options *(continued)*

As at December 31,	2018		2017	
	Weighted Average Exercise Price ($)	**No. of Options**	Weighted Average Exercise Price ($)	No. of Options
Outstanding at beginning of year	**0.06**	**830,000**	0.06	900,000
Transactions during the year:				
Granted	**0.055**	**950,000**	-	-
Expired	**-**	**-**	0.06	(70,000)
Outstanding at end of year	**0.06**	**1,780,000**	0.06	830,000

The following summarizes information on stock options outstanding December 31, 2018.

Range of Exercise Prices ($)	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price ($)
0.055	950,000	4.44	0.055
0.06	830,000	2.03	0.06
0.055 - 0.06	**1,780,000**	**3.32**	**0.06**

The fair value of each option was estimated on the date of grant. The following is the assumptions used under Black-Scholes at the measurement date for the year ended December 31, 2018:

	June 11, 2018	**Total**
Options Issued	950,000	950,000
Risk free interest rate	2.14%	
Expected life	5 years	
Exercise Price	$0.055	
Price volatility	84%	
Dividend yield	Nil	
Fair Value of options granted	$35,000	$35,000
Vesting	Immediately	
Share based payments	$35,000	$35,000

10. RESERVE FOR WARRANTS

Reserve for warrants is comprised of the following:

For the year ended December 31,	2018	2017
Balance, beginning of the year	**$ 50,000**	$ 50,000
Balance, end of year	**$ 50,000**	$ 50,000

(Expressed in Canadian dollars)

11. RESERVE FOR SHARE BASED PAYMENTS

Reserve for share based payments is comprised of the following:

For the year ended December 31,	**2018**	2017
Balance, beginning of the year	**$ 2,077,884**	$ 2,077,884
Share based payments	**35,000**	-
Balance, end of year	**$ 2,112,884**	$ 2,077,884

12. FINANCIAL INSTRUMENTS

Fair value

The Company's financial instruments as at December 31, 2018 include cash and cash equivalents, trade and other receivables, and trade and other payables. Fair value of cash and cash equivalents is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other receivable and trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements.

The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

As at December 31, 2018, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

Interest rate risk

The Company’s cash and cash equivalents include bank deposits that are subject to floating interest rates. The Company’s current policy is to invest excess cash in bank deposits by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

12. FINANCIAL INSTRUMENTS *(continued)*

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to cash and trade and other receivables included in current assets. The Company has no material concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits and guaranteed investment certificates, from which, management believes the risk of loss is remote. As at December 31, 2018, the Company's trade and other receivables primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 30-60 day period. The Company has not experienced any collection issues to December 31, 2018. The Company is exposed to credit risk with regards to the government denying the Company claims filed.

The Company's maximum exposure to credit risk as at December 31, 2018 is the carrying value of cash and cash equivalents and trade and other receivables.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had working capital of $58,364 (2017 – working capital deficiency of $81,813), consisting of current assets of $103,514 (December 31, 2017 - $26,935) compared to current liabilities of $45,150 (2017 - $108,748). The ability of the Company to continue to pursue its activities and continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

13. Capital Management

The Company's objectives in managing its capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's activities; to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties; to maintain a flexible capital structure for its projects for the benefit of its stakeholders; to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, and deficit, which as at December 31, 2018 totaled $58,364 (2017 – deficiency of $75,546).

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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.

The Company currently has no major sources of revenue; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will continue to assess its existing working capital position and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

(Expressed in Canadian dollars)

13. Capital Management *(continued)*

The Company's investment policy is to invest its cash in bank deposits, to ensure it is available for upcoming expenditures. The Company expects its capital resources will be sufficient to carry out its acquisition and exploration plans and operations through its current operating period. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

There were no changes in the Company's approach to capital management during the year ended December 31, 2018. The Company is not subject to externally imposed capital requirements.

14. INCOME TAXES

Deferred Tax Expense

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates for the year ended December 31, 2018 and 2017 is as follows:

	2018	2017
	$	$
Loss before income taxes	**(165,490)**	(263,546)
Combined Statutory rate	**26.5%**	26.5%
Estimated recovery of deferred taxes	**(44,000)**	(70,000)
Share issue costs	**(1,000)**	-
Non-deductible items		
Share based expenses	**9,000**	-
Deferred tax benefits not recognized	**36,000**	70,000
Deferred tax expense	**-**	-

The Canadian statutory income tax rate of 26.5% (2017 – 26.5%) is comprised of the federal income tax rate at approximately 15.0% (2017 – 15.0%) and the provincial income tax rate of approximately 11.5% (2017 – 11.5%).

The primary differences which give rise to the deferred tax assets at December 31, 2018 and 2017 are as follows:

	2018	2017
	$	$
Deferred tax assets		
Equipment	**7,000**	5,000
Non-capital losses carried forward	**597,000**	563,000
	604,000	568,000
Less : valuation allowance	**(604,000)**	(568,000)
Net deferred tax assets	**-**	-

(Expressed in Canadian dollars)

14. INCOME TAXES *(continued)*

As at December 31, 2018, the Company has available for carry forward non-capital losses of $2,250,000 (2017 - $2,123,000).

As at December 31, 2018, the non-capital losses carry forwards expire as follows:

	$
December 31, 2027	**117,000**
December 31, 2028	**294,000**
December 31, 2029	**191,000**
December 31, 2031	**342,000**
December 31, 2032	**397,000**
December 31, 2033	**178,000**
December 31, 2034	**130,000**
December 31, 2035	**91,000**
December 31, 2036	**122,000**
December 31, 2037	**261,000**
December 31, 2038	**127,000**
	2,250,000

15. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the Company entered into a binding letter agreement dated as of February 19, 2019 (the “Letter Agreement”). The Letter Agreement outlines the proposed terms and conditions upon which Osisko Mining Inc. (“Osisko”) will effect a business combination that will result in a reverse takeover of the Company by Osisko (the “Proposed Transaction”). Pursuant to the Proposed Transaction, Osisko will transfer certain non-core assets of Osisko with a value of approximately $99.9 million to the Company in exchange for shares of the Company. In addition the shares of the Company will be subject to a consolidation on a 40:1 basis, subject to adjustment.

Completion of the Proposed Transaction is subject to a number of conditions, including, without limitation, negotiation and execution of definitive documentation, receipt of all necessary shareholder, third party and regulatory approvals, satisfactory completion of due diligence, conditional listing approval to list the resulting issuer (the “Resulting Issuer”) on the TSX Venture Exchange.

As part of the Proposed Transaction, on February 21, 2019, the Company entered into an agreement with Canaccord Genuity Corp. (the “Lead Underwriter”) and a syndicate of underwriters (together with the Lead Underwriter, the “Underwriters”) to issue, on a bought deal private placement basis, 3,100,000 subscription receipts (the “Subscription Receipts”) at a price of $3.88 per Subscription Receipt (the “Issue Price”) in the capital of the Company for aggregate gross proceeds of approximately $12,028,000 (the “Offering”). Each Subscription Receipt will be automatically converted, without payment of additional consideration, into one unit in the capital of the Company (a “Unit”) in connection with the completion of the proposed business combination between the Company and Osisko that will result in a reverse takeover of the Company by Osisko to form a new company to be named O3 Mining Corporation (the “Resulting Issuer”). The net proceeds of the Offering will be held in escrow pending satisfaction of the escrow release conditions which includes completion of the Proposed Transaction. Each Unit shall be comprised of one post-consolidation common shareand one post-consolidation warrant. Each Warrant will be exercisable to acquire one additional post-consolidation common share (a “Warrant Share”) for a period of 36 months following the effective date of the Proposed Transaction at an exercise price of C$4.46 per Warrant Share.

15. SUBSEQUENT EVENTS *(continued)*

The Company has agreed to grant to the Underwriters an option to sell up to an additional 900,000 Subscription Receipts of the Company on the same terms and conditions as the Offering, exercisable by the Lead Underwriter in whole or in part at any time up to 48 hours prior to the Closing Date.

The Offering is scheduled to close on or about March 19, 2019 (the "Closing Date") and is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory and other approvals including the approval of the TSX Venture Exchange and the securities regulatory authorities. The Proposed Transaction will be structured in such a manner as the underlying Common Shares and Warrant Shares issuable upon the conversion of the Subscription Receipts and Warrants respectively, will be freely tradeable on the TSXV and not subject to any statutory hold period following the closing of the Proposed Transaction.

In the event that the escrow release conditions are not satisfied prior to July 19, 2019, the proceeds will be returned to the holders of the Subscription Receipts and the Subscription Receipts shall be cancelled.