

# Chantrell Ventures Corp.

UNAUDITED INTERIM FINANCIAL STATEMENTS

For the three month periods ended  
March 31, 2019 and 2018

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim financial statements of Chantrell Ventures Corp. are the responsibility of the management and Board of Directors of the Company.

The unaudited interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Paul A. Parisotto,  
President, CEO and CFO

**CHANTRELL VENTURES CORP.****UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

<b>As at,</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
<b>Assets</b>		
<b>Current</b>		
Cash (Note 4)	\$ 72,027	\$ 92,767
Trade and other receivables (Note 5)	3,169	3,199
Prepaid expenses	5,617	7,548
	<b>80,813</b>	<b>103,514</b>
Equipment (Note 6)	-	-
	<b>\$ 80,813</b>	<b>\$ 103,514</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables (Note 7 and 8)	\$ 48,590	\$ 45,150
	<b>48,590</b>	<b>45,150</b>
<b>EQUITY</b>		
Share capital (Note 9 (a))	2,827,400	2,827,400
Reserve for warrants (Note 10)	50,000	50,000
Reserve for share based payments (Note 11)	2,112,884	2,112,884
Deficit	(4,958,061)	(4,931,920)
	<b>32,223</b>	<b>58,364</b>
	<b>\$ 80,813</b>	<b>\$ 103,514</b>

Nature of Operations and Going Concern (Note 1)  
Subsequent Events (Note 13)

Approved on behalf of the Board on May 8, 2019:

"Paul A. Parisotto" Director

"Lorie Waisberg" Director

*The accompanying notes are an integral part of these unaudited interim financial statements*

**CHANTRELL VENTURES CORP.**

**UNAUDITED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

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<i>For the three month period ended March 31,</i>	<b>2019</b>	<b>2018</b>
<b>Expenses</b>		
Management and consulting fees (Note 8)	\$ 15,000	\$ 15,000
Professional fees	4,050	5,325
Shareholder information	4,278	2,377
Office and miscellaneous	2,813	8,226
Depreciation (Note 6)	-	313
<b>Net loss and comprehensive loss for the period</b>	<b>\$ 26,141</b>	<b>\$ 31,241</b>
<b>Loss per share</b>		
Basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		
Basic and diluted	24,011,857	18,611,857

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**CHANTRELL VENTURES CORP.**

**UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian dollars)

	Share Capital		Reserves			Total
	Number of Shares	Amount	Share based payments	Warrants	Deficit	
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)
<b>Balance at December 31, 2018</b>	<b>24,011,857</b>	<b>\$ 2,827,400</b>	<b>\$ 2,112,884</b>	<b>\$ 50,000</b>	<b>\$ (4,931,920)</b>	<b>\$ 58,364</b>
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,141)</b>	<b>(26,141)</b>
<b>Balance at March 31, 2019</b>	<b>24,011,857</b>	<b>\$ 2,827,400</b>	<b>\$ 2,112,884</b>	<b>\$ 50,000</b>	<b>\$ (4,958,061)</b>	<b>\$ 32,223</b>
Balance at December 31, 2017	18,611,857	\$ 2,563,000	\$ 2,077,884	\$ 50,000	\$ (4,766,430)	\$ (75,546)
Total comprehensive loss for the period	-	-	-	-	(31,241)	(31,241)
Balance at March 31, 2018	18,611,857	\$ 2,563,000	\$ 2,077,884	\$ 50,000	\$ (4,797,671)	\$ (106,787)

*The accompanying notes are an integral part of these unaudited interim financial statements*

**CHANTRELL VENTURES CORP.****UNAUDITED INTERIM STATEMENTS OF CASH FLOWS**

(Expressed in Canadian dollars)

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<i>For the three month periods ended March 31,</i>	<b>2019</b>	2018
<b>Cash flows used in operating activities</b>		
Net loss for the period	\$ (26,141)	\$ (31,241)
Add items not affecting cash:		
Depreciation	-	313
Changes in non-cash working capital balances:		
Trade and other receivables	30	302
Prepaid expenses and deposits	1,931	1,931
Trade and other payables	3,440	25,334
Cash flows used in operating activities	(20,740)	(3,361)
Decrease in cash	(20,740)	(3,361)
Cash, beginning of period	92,767	9,070
<b>Cash, end of period</b>	<b>\$ 72,027</b>	<b>\$ 5,709</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest received	\$ -	\$ -
Income tax paid	\$ -	\$ -

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**CHANTRELL VENTURES CORP.**  
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2019 and 2018**  
(Expressed in Canadian dollars)

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**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 March 31, 2019, the Company had working capital of \$32,223 (December 31, 2018 - \$58,364), had not yet achieved profitable operations, had accumulated losses of \$4,958,061 (December 31, 2018 - \$4,931,920) 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 unaudited interim 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 unaudited interim 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 unaudited interim statements of financial position classifications used in the unaudited interim financial statements.

**2. BASIS OF PRESENTATION**

**2.1 Statement of compliance and presentation**

These unaudited interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited interim financial statements were approved and authorized by the Board of Directors of the Company on May 8, 2019.

These unaudited interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2018 annual financial statements. Management advises readers of these unaudited interim financial statements to review the audited financial statements and accompanying notes as at December 31, 2018 in conjunction with the review of these statements.

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**2. BASIS OF PRESENTATION** *(continued)*

**2.2 Future accounting policies and standards adopted**

**Standards adopted**

At January 1, 2019, the Company adopted the following standards/amendments for which there was no impact on the Company's unaudited interim financial statements:

- 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. The adoption of this standard had no impact on the unaudited interim financial statements of the Company.

**2.3 Use of management estimates, judgments and measurement uncertainty**

The preparation of these unaudited interim 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 unaudited interim financial statements. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses.

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 unaudited interim 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. 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.

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**3. Capital Management** (continued)

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, and deficit, which as at March 31, 2019 totaled \$32,223 (December 31, 2018 – \$58,364).

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.

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 three month period ended March 31, 2019 and year ended December 31, 2018. The Company is not subject to externally imposed capital requirements.

**4. CASH**

The balance of cash at March 31, 2019, consisted of \$72,027 (December 31, 2018 - \$92,767) on deposit with major Canadian financial institutions in Canada.

**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:

<b>As at,</b>	<b>March 31, 2019</b>	December 31, 2018
	\$	\$
HST receivable	<b>3,169</b>	3,199
<b>Total Trade and Other Receivables</b>	<b>3,169</b>	3,199

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

<b>As at,</b>	<b>March 31, 2019</b>	December 31, 2018
	\$	\$
Less than 1 month	<b>3,169</b>	3,199
<b>Total Trade and Other Receivables</b>	<b>3,169</b>	3,199

At March 31, 2019, 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 March 31, 2019.

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**6. EQUIPMENT**

	Office, furniture and fixtures
<b>Cost</b>	
As at December 31, 2017	\$ 25,164
Dispositions	(25,164)
<b>As at December 31, 2018 and March 31, 2019</b>	<b>\$ -</b>
<b>Accumulated depreciation</b>	
As at December 31, 2017	\$ 18,897
Depreciation	4,424
Dispositions	(23,321)
<b>As at December 31, 2018 and March 31, 2019</b>	<b>\$ -</b>
<b>Net book value</b>	
<b>As at December 31, 2018 and March 31, 2019</b>	<b>\$ -</b>

**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:

<b>As at,</b>	<b>March 31, 2019</b>	December 31, 2018
	\$	\$
Less than 60 days and accruals	17,073	31,480
Over 60 days	31,517	13,670
<b>Total Trade and Other Payables</b>	<b>48,590</b>	<b>45,150</b>

**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.

**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:

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**8. RELATED PARTY TRANSACTIONS** *(continued)*

Three month period March 31,	2019	2018
<b>Balances:</b>		
Employee salaries	\$ 15,000	\$ 15,000
Total compensation paid to key management	\$ 15,000	\$ 15,000

As at March 31, 2019, the Company had \$48,000 (December 31, 2018 - \$31,000) 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 shares, for total gross proceeds to the Company of \$30,000. (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, 2017	18,611,857	\$ 2,563,000
Private placement	5,400,000	270,000
Share issue costs on private placement	-	(5,600)
<b>Balance, December 31, 2018 and March 31, 2019</b>	<b>24,011,857</b>	<b>\$ 2,827,400</b>

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 March 31, 2019, the Company had 621,186 (December 31, 2018 – 621,186) options available for issuance under the plan. Continuity of the options outstanding to purchase common shares is as follows:

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**9. SHARE CAPITAL** (continued)

(b) Options (continued)

As at,	March 31, 2019		December 31, 2018	
	Weighted Average Exercise Price (\$)	No. of Options	Weighted Average Exercise Price (\$)	No. of Options
<b>Outstanding at beginning of period/year</b>	<b>0.06</b>	<b>1,780,000</b>	0.06	830,000
<b>Transactions during the period/year:</b>				
<b>Granted</b>	-	-	0.055	950,000
<b>Outstanding at end of period/year</b>	<b>0.06</b>	<b>1,780,000</b>	0.06	1,780,000

The following summarizes information on stock options outstanding March 31, 2019.

Range of Exercise Prices (\$)	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
0.055	950,000	4.20	0.055
0.06	830,000	1.78	0.06
<b>0.055 - 0.06</b>	<b>1,780,000</b>	<b>3.07</b>	<b>0.06</b>

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 period/year ended,	March 31, 2019	December 31, 2018
Balance, beginning of the period/year	\$ 50,000	\$ 50,000
Balance, end of period/year	\$ 50,000	\$ 50,000

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**11. RESERVE FOR SHARE BASED PAYMENTS**

Reserve for share based payments is comprised of the following:

For the period/year ended,	<b>March 31, 2019</b>	December 31, 2018
Balance, beginning of the period/year	<b>\$ 2,112,884</b>	\$ 2,077,884
Share based payments	-	35,000
Balance, end of period/year	<b>\$ 2,112,884</b>	\$ 2,112,884

**12. FINANCIAL INSTRUMENTS**

*Fair value*

The Company's financial instruments as at March 31, 2019 include cash, trade and other receivables, and trade and other payables. Fair value of cash 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 March 31, 2019, 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 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.

*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.

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**12. FINANCIAL INSTRUMENTS** *(continued)*

*Credit risk (continued)*

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 consists of bank deposits, from which, management believes the risk of loss is remote. As at March 31, 2019, 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 March 31, 2019. 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 March 31, 2019 is the carrying value of cash 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 March 31, 2019, the Company had working capital of \$32,223 (December 31, 2018 – \$58,364), consisting of current assets of \$80,813 (December 31, 2018 - \$103,514) compared to current liabilities of \$48,590 (December 31, 2018 - \$45,150). 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. SUBSEQUENT EVENTS**

On February 19, 2019, the Company entered into a binding letter agreement (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, subscription receipts (the "Subscription Receipts") at a price of \$3.88 per Subscription Receipt (the "Issue Price") in the capital of the Company (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 share and 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.

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**13. SUBSEQUENT EVENTS** *(continued)*

On March 27, 2019, the Company closed the first tranche of its Offering of Subscription Receipts. The Company issued an aggregate of 4,571,100 Subscription Receipts at a price of \$3.88 per Subscription Receipt for proceeds of \$17,735,868.

The gross proceeds of the Offering (the "Escrowed Proceeds") have been deposited into escrow with Computershare Trust Company of Canada as escrow agent and will be released to the Company upon notice by the Company to the escrow agent that all conditions precedent to the Proposed Transaction have been completed, satisfied or waived (the "Release Conditions"). The Release Conditions are 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.

For their services in connection with the completion of the Offering and assuming completion of the Release Conditions, the Underwriters will receive: (i) a cash commission equal to 5.0% of the aggregate gross proceeds and (ii) broker warrants (the "Broker Warrants"), representing 5% of the Subscription Receipts issued pursuant to the total Offering. Each Broker Warrant is exercisable for one Common Share at a price of \$3.88 for a period of 18 months following the closing of the Proposed Transaction.