CANADA COBALT WORKS INC.

(Formerly Castle Silver Resources Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018 and 2017

(Expressed in Canadian Dollars)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Canada Cobalt Works Inc. (Formerly Castle Silver Resources Inc.) (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in note 3 to the consolidated financial statements.

Management has established processes which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that: (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the consolidated financial statements; and (ii) the consolidated financial statements present fairly, in all material respects, the financial position, financial performance and cash flows of the Company, as of the date of and for the years presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. The 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 consolidated 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 consolidated 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, applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

[Signed]	[Signed]
'Frank J. Basa"	"Thomas P. Devlin"
President and Chief Executive Officer	Chief Financial Officer

CANADA COBALT WORKS INC.
(formerly Castle Silver Resourses Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2018	December 31, 2017
Assets		
Current assets		
Cash	**$ 281,659**	$ 446,897
Amounts receivable (Note 4)	**153,116**	98,078
Due from related party (Note 4)	**-**	135,185
Total Current Assets	**434,775**	680,160
Non-current Assets		
Equipment (Note 6)	**157,671**	-
Total non-current Assets	**157,671**	-
Total Assets	**592,446**	680,160
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	**859,455**	316,369
Total Liabilities	**859,455**	316,369
Shareholders' Equity (Deficiency)		
Share capital (Note 7)	**24,924,775**	20,066,637
Reserves (Note 8)	**3,309,944**	2,379,943
Units to be issued (Note 5)	**-**	27,001
Contributed surplus	**4,032,972**	3,739,815
Deficit	**(32,534,700)**	(25,849,605)
Total Shareholders' Equity (Deficiency)	**(267,009)**	363,791
Total Liabilities and Shareholders' Equity (Deficiency)	**$ 592,446**	$ 680,160

Nature of operations and going concern (Note 1)
Commitments and Contingencies (Note 13)
Subsequent events (Note 14)

APPROVED ON BEHALF OF THE BOARD
Signed "Frank Basa"
Signed "Jacques Monette"

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

CANADA COBALT WORKS INC.
(formerly Castle Silver Resourses Inc.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the years ended December 31,	2018	2017
Expenses		
Exploration and evaluation		
Acquisition	**$ -**	$ 500,000
Assays and testing	**106,452**	77,655
Depreciation	**39,418**	-
Drilling	**1,270,944**	187,050
Equipment	**314,998**	202,286
Facility expense	**251,264**	46,314
Geology, geophysics and surveys	**337,537**	138,580
Labour	**65,538**	74,956
Project management and engineering	**335,932**	124,278
Reports	**-**	29,073
Royalties	**15,000**	15,000
Staking	**-**	2,205
Taxes, permits and licensing	**23,863**	5,003
Travel	**35,189**	22,226
	2,796,135	1,424,626
Corporate		
Advertising and promotion expenses	**453,753**	420,757
General and administration	**97,788**	34,262
Professional fees	**828,818**	716,658
Filing costs and shareholders' information	**155,066**	110,775
Travel	**209,400**	127,679
	1,744,825	1,410,131
Other items		
Impairment on amounts receivable (Note 4)	**853,787**	-
Interest and other income	**(1,845)**	(13)
First nation costs	**-**	51,203
Stock option compensation	**1,293,050**	1,085,000
Derecognition of accounts payable	-	(4,000)
	2,144,992	1,132,190
Net loss and comprehensive loss for the year	**$ 6,685,952**	$ 3,966,947
Net loss per share - basic and diluted	**$ 0.10**	$ 0.09
Weighted average number of shares outstanding basic and diluted	**66,605,836**	44,752,867

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

CANADA COBALT WORKS INC.
(formerly Castle Silver Resourses Inc.)
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital	Units to be issued	Warrants and Options	Contributed Surplus	Deficit	Total Equity (Deficiency)
Balance December 31, 2016	**$ 17,160,803**	**$ 60,002**	**$ 194,926**	**$ 3,724,150**	**$ (21,882,658)**	**$ (742,777)**
Private placements	1,798,355	-	1,251,830	-	-	3,050,185
Exercise of warrants - Cash	646,141	-	-	-	-	646,141
Exercise of warrants - BV	103,129	-	(103,129)	-	-	-
Warrants expired	-	-	(10,665)	10,665	-	-
Exercise of options - Cash	56,250	-	-	-	-	56,250
Exercise of options - BV	37,231	-	(37,231)	-	-	-
Options Expired	-	-	(5,000)	5,000	-	-
Share Issue costs	(44,398)	-	(31,386)	-	-	(75,784)
Issued for debt	290,126	-	-	-	-	290,126
Issued for property	19,000	(33,001)	14,001	-	-	-
Issued for compensation	-	-	21,597	-	-	21,597
Options granted	-	-	1,085,000	-	-	1,085,000
Net loss for the year	-	-	-	-	(3,966,947)	(3,966,947)
Balance December 31, 2017	**$ 20,066,637**	**$ 27,001**	**$ 2,379,943**	**$ 3,739,815**	**$ (25,849,605)**	**$ 363,791**
Private placements	1,813,005	-	666,049	-	-	2,479,054
Exercise of warrants - Cash	2,114,021	-		-	-	2,114,021
Exercise of warrants - BV	569,983	-	(569,983)	-	-	-
Warrants expired	-	-	(4,657)	4,657	-	-
Exercise of options - Cash	204,900	-	-	-	-	204,900
Exercise of options - BV	184,450	-	(184,450)	-	-	-
Options granted	-	-	1,293,050	-	-	1,293,050
Options Expired	-	-	(288,500)	288,500	-	-
Share Issue costs	(41,221)	-	(11,626)	-	-	(52,847)
Issued for debt	-	-		-	-	-
Compensation warrants	-	-	16,117	-	-	16,117
Issued for property	13,000	(27,001)	14,001	-	-	-
Adjustment for Part XII.6 tax					857	857
Net loss for the year	-	-	-	-	(6,685,952)	(6,685,952)
Balance December 31, 2018	**24,924,775**	**-**	**3,309,944**	**4,032,972**	**(32,534,700)**	**(267,009)**

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

CANADA COBALT WORKS INC.
(formerly Castle Silver Resourses Inc.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the year ended December 31,	2018	2017
Cash provided by (used in):		
Operating activities		
Net loss for the year	**$ (6,685,952)**	$ (3,966,947)
Items not involving cash		
Stock option compensation	**1,293,050**	1,085,000
Derecognition of accounts payable	**-**	(4,000)
Depreciation	**39,418**	-
Impairement on amounts receivable (Note 4)	**853,787**	-
Changes in non-cash working capital items		
Amounts receivable	**(55,038)**	(45,854)
Accounts payable and accrued liabilities	**543,943**	(187,676)
Net cash flows from operating activities	**(4,010,792)**	(3,119,477)
Investing activities		
Due from related party	**(718,602)**	(135,185)
Purchase of equipment	**(197,089)**	-
Net cash flows from investing activities	**(915,691)**	(135,185)
Financing activities		
Issuance of common shares and warrants	**4,797,975**	3,752,576
Share issue cost	**(36,730)**	(54,187)
Net cash flows from financing activities	**4,761,245**	3,698,389
Increase in cash	**(165,238)**	443,727
Cash, beginning of year	446,897	3,170
Cash, end of year	**$ 281,659**	$ 446,897
Supplementary information		
Shares issued for debt	**$ -**	$ 290,126
Shares and warrants issued for property	**$ 27,001**	$ 33,001

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

1. NATURE OF BUSINESS AND GOING CONCERN

Nature of business

Canada Cobalt Works Inc. ("CCM" or the "Company") was incorporated on April 29, 2005 pursuant to the Canada Business Corporations Act. The address of the Company's head office is 3028 Quadra Court, Coquitlam, BC V3B 5X6. Cobalt's principal business activities are the acquisition, evaluation, exploration and development of mineral properties. To date, the Company has not realized any revenues from its properties.

These consolidated financial statements were approved by the Board of Directors on April 30, 2019.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and evaluation activities, and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, government licensing requirements or regulations, social licensing requirements, non-compliance with regulatory and environmental requirements and aboriginal land claims.

Going concern

As at December 31, 2018, the Company had not yet achieved profitable operations, had working capital deficit of $424,680 (2017 – surplus of $363,791), had accumulated losses of $32,534,700 (2017 - $25,849,605) and expects to incur future losses in the development of its business. These items represent material uncertainties which cast significant doubt about the ability of the Company to continue as a going concern. The Company is in the process of exploring its properties and has not yet determined whether these properties contain economically recoverable reserves. The continued operations of the Company are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the financing to complete the necessary exploration and development of such property and upon attaining future profitable production or proceeds from disposition of the properties. Management is actively pursuing additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

These consolidated financial statements have been prepared on a going concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value.

Functional currency

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (continued)

Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods when the revision affects both current and future periods.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Decommissioning, restoration and similar liabilities

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Going concern

See Note 1.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Castle Silver Mines Inc. up until their amalgamation during the year ended December 31, 2018.

Intercompany balances and transactions, including unrealized gains and losses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Financial instruments

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit or loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Cash and amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of loss when the right to receive payments is established.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are accounts receivable and due from related party, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Fair value hierarchy
The Company classifies its financial instruments measured at fair value according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly;
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

As at December 31, 2018 and 2017, there were no financial instruments measured at fair value, and the fair value of assets and liabilities carried at amortized cost was the same as their respective carrying values due to the short term nature of these assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated over the estimated useful lives of the item, as follows:

Equipment	5 – 10 years straight line method

Mining properties and exploration expenditures

The Company expenses all exploration and evaluation costs relating to mineral properties, in the period in which they are incurred. All exploration and evaluation expenditures acquired through a business combination are capitalized as intangible assets. They are subsequently measured at cost less accumulated impairment.

Income taxes

Income taxes on the profit or loss for the periods presented comprises current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous reporting periods. Deferred tax is recorded using the asset and 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 loss 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 end of the reporting period.

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 offset tax assets against tax liabilities, when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Flow-through shares

Under Canadian income tax legislation, the Company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. For accounting purposes, the proceeds from issuance of these shares are allocated between the offering of shares and the sale of tax deductions. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference. The liability is reduced and the reduction of premium liability is recorded in other income at the time when the Company files the appropriate renunciation forms with the Canadian taxation authorities and the expenditures are incurred.

Share issue costs

Costs incurred for the issue of common shares and warrants are deducted from share capital and warrants, respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. 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. As at December 31, 2018 and 2017, all options and warrants are anti-dilutive and have been excluded from the calculation of diluted loss per share.

Stock-based compensation and warrants

The Company has in effect a stock option plan ("the Plan") which is described in Note 7. The Plan allows Company employees, directors and officers to acquire shares of the Company for a specified option amount set on the date of grant. Stock options awarded are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes option pricing model and is recorded as stock-based compensation expense over the vesting period of the options. Consideration paid on the exercise of stock options is credited to share capital. The contributed surplus associated with the options is transferred to share capital upon exercise.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Warrants are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes option pricing model. Consideration paid on the exercise of warrants is credited to share capital and the value recorded in warrants reserve is transferred to share capital upon exercise. Upon expiration, the value of warrants is reclassified to contributed surplus.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment at the end of each reporting period and whenever there is an indication that the asset may be impaired.

An asset’s 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 for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount, recognizing an impairment loss in the statement of operations. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset retirement obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site restoration work, discounted to their net present value, are provided for and capitalized to the carrying value of the asset, as soon as the obligation to incur such costs arises.

Discount rates, using a pre-tax rate that reflects the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset through depreciation using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the impact of discounting and for changes to the current market based discount rate, amount, or timing of the underlying cash flows needed to settle the obligation.

As at December 31, 2018 and 2017, the Company has no material restoration, rehabilitation and environmental costs as the environmental disturbance to date is minimal.

Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the Canadian dollar at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the statement of loss. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Cash and cash equivalents

Cash equivalents include highly liquid Canadian bank guaranteed funds that are valued at cost plus accrued interest. The carrying amounts approximate the fair market value as they have maturities at the date of purchase of less than one year with early redemption without penalties available. The Company does not have any cash equivalents as of December 31, 2018 or 2017.

Changes in accounting policies

Effective January 1, 2018, the Company adopted IFRS 9, *Financial Instruments*, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions, the Company adopted the standard retrospectively.

IFRS 9, Financial Instruments
IFRS 9 replaces International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets and requires that there be a demonstrated economic relationship between the hedged item and hedging instrument.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies (continued)

Upon adoption of IFRS 9, the main change in the Company's accounting policy on financial instruments was that equity investments previously classified as available-for-sale are now classified as financial assets measured at FVOCI .

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	**Under IFRS 9**
Financial assets		
Cash	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

(Expressed in Canadian Dollars)

4. AMOUNTS RECEIVABLE

The Company's amounts receivable are comprised of the following;

	December 31, 2018	December 31, 2017
Commodity taxes	**$ 153,116**	$ 99,078
Due from related party	**-**	135,185
	$ 153,116	$ 234,263

The amount due from related part is due from Granada Gold Mines Inc., a related party with which there are three common directors. The amount is unsecured and non-interest bearing with no fixed terms of repayment. During the year ended December 31, 2018, it was determined that this this amount may not be recoverable and an impairment allowance for the full amount was recorded.

5. EXPLORATION AND EVALUATION PROJECTS

Castle Silver Mine Project, Ontario

On April 13, 2015, the Company and Granada Gold Mine Inc. (GGM) formerly Gold Bullion Development Corp. entered into a definitive purchase and sale agreement for the Company to acquire certain properties of GGM situated in Ontario, through the acquisition of GGM's wholly-owned subsidiary, Castle Silver Mines Inc. ("CSM"). Under the terms of the agreement, the Company acquired all the issued and outstanding common shares of CSM from GGM in exchange for 10,000,000 units of the Company, issued in equal stages of 2,500,000 units over a 4-year period. Each unit consists of one common share in the capital of the Company and one common share purchase warrant exercisable at $0.10, expiring one year from the date of issuance of the units. Under the terms of the amended and restated share purchase agreement dated May 4, 2015, GGM has agreed to distribute pro rata the Company units received to the GGM shareholders. In addition, the parties have agreed that the Company will not be obligated to issue any units, if such issuance results in GGM holding more than 20% of the then issued and outstanding common shares in the capital of the Company.

On each of September 15, 2015, 2016, 2017 and 2018 the Company issued the 2,500,000 units to GGM.

CCW holds a 100% interest in certain claims and parcels located in the Haultain and Nicol townships of Ontario. The property is subject to a sliding scale royalty on silver production which will start from 3% when the price of silver is US$15 or lower per troy ounce and up to 5% when the price of silver is greater than US$30 per troy ounce and a 5% gross overriding royalty on the sale of products derived from the property with a minimum annual payment of $15,000 in the form of royalties on all future production from the property and a 1% NSR.

On September 30, 2016, the Company entered into a Letter of Intent with GGM to advance the "Castle Golden Corridor Zone" discovered through surface sampling at the Company's Castle Silver Mine Property located southwest of Kirkland Lake.

Under the terms of the Letter of Intent, the Company transferred a 50% interest in certain contiguous mineral claims on the property (the "Castle Golden Corridor Zone") in lieu of $60,000 in property payments owed to GGM, concerning the Beaver and Violet cobalt-silver properties. On December 15, 2017 the Company purchased this interest from GGM for $500,000.

GGM has several directors and officers in common with the Company and, as a result, is a related party.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION PROJECTS (continued)

Beaver Property, Ontario

On October 8, 2015, the Company entered into an assignment agreement with GGM to acquire a 100% interest in the Beaver and Violet cobalt and silver properties located in the township of Coleman, in northern Ontario. GGM held a seven-year option with Jubilee Gold Exploration Ltd ("Jubilee") to acquire a 100% interest to the properties, which are subject to a 3% NSR royalty. Each 1% can be purchased for $1,500,000.

Pursuant to the agreement, the Company agreed to pay an aggregate of $75,000 with $15,000 payable within 10 days of execution of the agreement (paid) and four equal instalments of $15,000 on each anniversary date of the agreement, and accept all of GGM's rights, obligations and liabilities under the option agreement dated May 10, 2011 and amended January 31, 2012. In lieu of making these four instalment payments of $15,000 including the year ended December 31, 2016, the Company transferred a 50% interest in certain claims to GGM.

Pursuant to the assignment agreement, the Company is required to make annual payments to Jubilee for a period of 5 years, or until the properties are put into commercial production, whichever is earlier, in an aggregate amount of $60,000: $10,000 in each year on or before July 1, 2012, 2013, 2014, $15,000 on each of July 1, 2015, and 2016. Prior to signing the Agreement, the Company paid GGM $15,000 for the reimbursement of the July 1, 2015 prepayment of the NSR to Jubilee. In addition, the Company made a $15,000 prepayment of the NSR on July 1, 2016.

6. EQUIPMENT

The Company did not have any equipment during the 2017 year. Equipment with a total cost of $197,089 was acquired in 2018. Amortization for the year ended December 31, 2018 was $39,418. Equipment of $132,974 was purchased from companies controlled by the CEO who is also a director of the Company.

7. SHARE CAPITAL

Authorized
Unlimited number of common shares without par value
Unlimited number of preferred shares issuable in series

Issued
Common

	2018		2017	
	Number of Shares	**Amount**	Number of Shares	Amount
Balance, beginning of year	**56,501,218**	**$ 20,066,637**	28,569,481	$ 17,160,803
Private placements	**5,172,170**	**1,813,005**	16,838,733	1,798,355
Issued on exercise of warrants - Cash	**9,406,989**	**2,114,021**	5,833,841	646,141
Issued on exercise of warrants - BV	**-**	**569,983**	-	103,129
Issued on exercise of options - Cash	**1,370,000**	**204,900**	825,000	56,250
Issued on exercise of options - BV	**-**	**184,450**	-	37,231
Share issue costs	-	**(41,221)**	-	(44,398)
Issued for debt	**-**	**-**	1,934,163	290,126
Issued for property	**2,500,000**	**13,000**	2,500,000	19,000
Balance, end of year	**74,950,377**	**$24,924,775**	56,501,218	$20,066,637

7. SHARE CAPITAL (continued)

(i) On March 16, 2017, the Company closed a private placement offering, raising gross proceeds of $952,685. The Company issued 6,351,233 units at a price of $0.15 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.20 per share for a period of two years from closing. The warrants were assigned a value of $414,746 using the Black Scholes option pricing model using the following assumptions: expected dividend yield of 0%, expected volatility of 198%, a risk free interest rate of 1% and an expected life of 2 years. The expiry of the warrants may be accelerated if the closing price of the Company's shares on the TSX Venture Exchange is at least $0.30 per share for a period of 10 consecutive trading days during the term of the warrant. The Company may accelerate the expiry of the warrants to 20 calendar days from the date express written notice is given by the Company to the holder. Finder's fees were paid in connection with the private placement in the amount of $22,447 cash and 147,646 broker warrants on the same terms as the purchaser warrants.

(ii) On March 23, 2017, the Company settled its debt obligations with certain creditors of the Company in the amount of $290,136 through the issuance of 1,934,163 common shares of the Company with an estimated fair value of $0.15 per common share.

(iii) Between May 19, 2017 and June 15, 2017, the Company closed a private placement offering, raising gross proceeds of $1,200,000. The Company issued 6,000,000 units at a price of $0.20 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.30 per share for a period of two years from closing. The warrants were assigned a value of $495,165 using the Black Scholes option pricing model using the following assumptions: expected dividend yield of 0%, expected volatility of 198%, a risk free interest rate of 1% and an expected life of 2 years. Finder's fees were paid in connection with the private placement in the amount of $30,000 cash and 150,000 broker warrants on the same terms as the purchaser warrants.

(iv) On July 25, 2017, the Company closed a private placement offering, raising gross proceeds of $897,500. The Company issued 4,487,500 units at a price of $0.20 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.30 per share for a period of two years from closing. The warrants were assigned a value of $393,814 using the Black Scholes option pricing model using the following assumptions: expected dividend yield of 0%, expected volatility of 195%, a risk free interest rate of 1.3% and an expected life of 2 years.

(v) On January 15, 2018, the Company closed a private placement offering, raising gross proceeds of $1,030,000. The Company issued 2,942,857 units at a price of $0.35 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.50 per share for a period of 2 years. The warrants were assigned a value of $347,257 using the Black Scholes option pricing model using the following assumptions: expected dividend yield of 0%, expected volatility of 131%, a risk free interest rate of 1.8% and an expected life of 2 years. The CEO of the Company, who is also a director, and three persons related to the CEO subscribed for 2,113,571 units for $739,750.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(vi) On July 27, 2018, the Company closed a private placement offering, raising gross proceeds of $1,449,054. The Company issued 2,229,313 units at a purchase price of $0.65 per unit. Each unit comprises one common share and one half of one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.90 per share for a period of two years. The warrants were assigned a value of $318,792 using the Black Scholes option pricing model using the following assumptions: expected dividend yield of 0%, expected volatility of 118%, a risk free interest rate of 2% and an expected life of 2 years. Finder's fees were paid in connection with the private placement in the amount of $36,630 in cash and 56,354 broker warrants with the same terms as the purchaser warrants.

8. RESERVES

WARRANTS

The following warrants transactons occurred during the years ended December 31, 2018 and 2017:

	2018		2017	
	Number of Warrants	**Book Value**	Number of Warrants	Book Value
Balance, beginning of year	**19,076,379**	**$1,219,871**	6,647,000	$ 77,623
Issued by private placements	**4,057,514**	**666,049**	16,838,733	1,251,830
Warrants exercised	**(9,406,989)**	**(569,983)**	(5,833,841)	(103,129)
Warrants expired	**(831,464)**	**(4,657)**	(1,373,159)	(10,665)
Issue costs related to warrants	**-**	**(11,626)**	-	(31,386)
Issued for property	**2,500,000**	**14,001**	2,500,000	14,001
Issued as compensation	**56,354**	**16,117**	297,646	21,597
Balance, end of year	**15,451,794**	**$ 1,329,772**	19,076,379	$ 1,219,871

At December 31, 2018, the issued and outstanding warrants are as follows:

Number of Warrants	Exercise Price	Expiry Date
2,042,926	$ 0.200	March 16, 2019
3,282,500	0.300	June 17, 2019
3,512,500	0.300	July 14, 2019
2,500,000	0.100	September 17, 2019
2,942,857	0.500	January 15, 2020
1,171,011	0.900	July 25, 2020
15,451,794	$ 0.338	

(Expressed in Canadian Dollars)

8. RESERVES (continued)

STOCK OPTIONS

The Company has in place a stock option plan (the "Plan") under which officers, directors, employees and consultants are eligible to receive incentive stock options. The aggregate number of common shares reserved for issuance under the Plan and common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time may not exceed in aggregate 10% of the Company's common shares issued and outstanding at the time of grant. The term of any options granted under the Plan will be fixed by the Board of Directors and may not exceed ten years, but so long as the Company remains a "Tier 2" issuer under the policies of the Toronto Stock Exchange, options may not exceed a term of five years. The exercise price of options granted under the Plan will be determined by the Board of Directors, provided that it is not lower than the fair market value of the option shares on the date of the grant of the option.

The terms of the plan are as follows:

(i) the maximum number of shares that can be received by a beneficiary during any 12 month period is limited to 5% of issued and outstanding shares;

(ii) the maximum number of shares that can be reserved for a consultant during any 12 month period is limited to a 2% of issued and outstanding shares; and

(iii) the maximum number of shares that can be reserved for a supplier of investor relations services during any 12 month period is limited to 2% of issued and outstanding shares; moreover, the options granted may be exercised on a 12 month period after the grant, at the rate of 25% per quarter.

The following options transactions occurred during the years ended December 31, 2018 and 2017:

	Options	2018 Weighted Average Exercise price	Value	Options	2017 Weighted Average Exercise price	Value
Balance, beginning of year	5,575,000	$ 0.060	$ 1,160,072	2,450,000	$ 0.06	$ 117,303
Exercised	(1,370,000)	0.045	(184,450)	(825,000)	0.05	(37,231)
Expired and cancelled	(1,000,000)	0.350	(288,500)	(100,000)	0.03	(5,000)
Granted	2,950,000	0.300	1,293,050	4,050,000	0.22	1,085,000
Balance, end of year	6,155,000	$ 0.322	$ 1,980,172	5,575,000	$ 0.20	$ 1,160,072

(Expressed in Canadian Dollars)

8. RESERVES (continued)

STOCK OPTIONS (continued)

As at December 31, 2018 the options outstanding were as follows:

Number of Options	Options Vested	Exercise Price	Expiry Date
735,000	735,000	0.05	April 13, 2021
200,000	200,000	0.19	March 14, 2022
300,000	300,000	0.20	May 24, 2022
100,000	100,000	0.20	June 29, 2022
320,000	320,000	0.18	October 12, 2022
2,050,000	2,050,000	0.30	December 5, 2022
1,100,000	1,100,000	0.32	June 5, 2023
400,000	400,000	0.70	August 2, 2023
300,000	300,000	0.52	August 30, 2023
650,000	650,000	0.36	October 4, 2023
6,155,000	6,155,000		

9. RELATED PARTY TRANSACTIONS

The Company has entered into agreements with officers of the Company and private companies controlled by officers and directors of the Company for management consulting, geological consulting and other services required by the Company.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of officers and directors of the Company for the year ended December 31, 2018 was $267,776 of short-term benefits (2017 - $160,598) and share based payments valued at $Nil (2017 - $450,000).

There were no Directors' fees paid to members of the Board of Directors for the years ended December 31, 2018 and 2017.

Included in accounts payable and accrued liabilities in 2018 was $21,952 (2017 - $30,932) payable to officers and directors of the Company or companies controlled by them. These amounts were unsecured and non-interest bearing with no fixed terms of repayment.

During the year ended December 31, 2018, three directors, one being CEO, exercised in total 1,040,000 stock options with the common shares issued to them at quoted market price on exercise date.

See Note 4, 6 and 7(v) for other related party transactions.

(Expressed in Canadian Dollars)

10. INCOME TAXES

Current Income Tax

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended December 31 is as follows:

		2018		2017
Loss before income tax	$	(6,685,952)	$	(3,966,947)
Expected income tax recovery (2017 - 26.5%)		(1,772,000)		(1,051,000)
Stock option compensation		343,000		288,000
Change in tax benefits not recognized		1,429,000		763,000
Income tax expense reflected in the consolidated statements of loss		-		-

Deferred Income Tax

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amounts of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can use these benefits:

		2018		2017
Non-capital losses - Canada	$	9,820,180	$	6,945,000
Capital loss carry-forwards		278,600		-
Resource-related deductions		7,477,140		4,681,000
Other deductible temporary differences		887,380		858,000
Total	$	18,463,300	$	12,484,000

The Company's Canadian non-capital income tax losses expire as follows:

2025	$	64,720
2026		113,940
2027		372,110
2028		566,540
2029		270,670
2030		1,597,600
2031		1,658,710
2032		823,270
2033		160,450
2034		405,050
2035		267,220
2036		151,410
2037		450,000
2038		2,918,490
	$	9,820,180

11. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its exploration, development and operating activities.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to pursue the exploration of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at December 31, 2018 and 2017, the Company had no bank debt.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2018 and 2017.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2018, the Company may not be compliant with the policies of the TSXV. The impact of this potential violation is not known and is ultimately dependent on the discretion of the TSXV.

12. FINANCIAL INSTRUMENTS AND RISK FACTORS

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

Credit Risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company is exposed to credit risk on its cash. The Company has deposited its cash with reputable financial institutions, from which management believes the risk of loss is minimized. As at December 31, 2018 and 2017 cash was held with major Canadian financial institutions.

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 a cash balance of $281,659 (December 31, 2017 - $446,897) to settle current financial liabilities of $859,455 (December 31, 2017 - $316,369). The Company is currently seeking equity financing as indicated in Note 1. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, existing shareholders ownership may be diluted.

12. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

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

(a) Interest rate risk
The Company is not exposed to interest rate risk as it does not have interest bearing debt.
(b) Commodity price risk
The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market prices of silver, uranium and nickel.
(c) Marketable securities price risk
At December 31, 2018 and 2017, the Company was not exposed to marketable securities price risk.

Currency Risk
As the Company transacts business in Canadian dollars, there is minimal foreign currency risk at December 31, 2018 and 2017.

13. COMMITMENTS AND CONTINGENCIES

(a) Environmental Contingencies
The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(b) Flow-Through Shares
The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that may become payable by the subscribers as a result of the Company not meeting this expenditure commitment.

(c) Management Contracts
The Company is party to a management contract. Upon the occurrence of certain events such as a change in control, the contract requires payment of up to $220,000. As a triggering event has not taken place, the contingent payment has not been reflected in these financial statements.

The Company has entered into a Memorandum of Understanding ("MOU") with the Matachewan First Nation community in connection with certain exploration and evaluation programs in their area in return for payment of 2% of all costs of the exploration program incurred to date and thereafter to the First Nation community.

In addition, the Company has entered into a second Memorandum of Understanding ("MOU") with both Temagami First Nation and Teme-Augama Nation to provide a framework process for consultation during the life of the project.

The MOUs also include terms outlining environmental protection, employment, training and business opportunities, and mitigation of impacts on the traditional pursuits of the members of the First Nation communities.

14. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, 2,731,756 warrants and 550,000 options were exercised resulting in the issuance of 3,281,756 common shares of the Company for proceeds of $781,800.