Consolidated Financial Statements
(Expressed in Canadian dollars)

ASIAN MINERAL RESOURCES LIMITED

Years ended December 31, 2018 and 2017

KPMG LLP
Chartered Professional Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Asian Mineral Resources Limited

Opinion

We have audited the consolidated financial statements of Asian Mineral Resources Limited ("the Company"), which comprise:

- the consolidated balance sheets as at December 31, 2018 and December 31, 2017;
- the consolidated statements of operations and comprehensive income (loss) for the years then ended;
- the consolidated statement of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- notes to the consolidated statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained 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 has a working capital deficiency, has no current source of operating cash flow and is seeking to secure future financing to fulfill debt requirements and ongoing administrative expenses. There can be no assurance that the Company's efforts to obtain sufficient financing will be successful.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that casts 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. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. 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 International Financial Reporting Standards, 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.

Auditors' 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 the 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 represents the underlying transactions and events in a manner that achieves fair presentation.

- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Company 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.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this independent auditors' report is John Milne, CPA, CA.

Vancouver, Canada
April 29, 2019

ASIAN MINERAL RESOURCES LIMITED

Consolidated Balance Sheets
(Expressed in Canadian dollars)

	Notes	December 31, 2018	December 31, 2017
Assets			
Current assets:			
Cash and cash equivalents		$ 126,037	$ 502,367
Accounts receivable and prepaid expenses	7	76,353	680,942
Inventories	8	-	314,234
		202,390	1,497,543
Mineral property	9	100,000	-
Environmental bond	14	-	344,057
		100,000	344,057
Total assets		$ 302,390	$ 1,841,600
Liabilities and Shareholders' Equity (Deficit)			
Current liabilities:			
Short-term loans	10	$ 102,314	$ -
Trade payables and accrued liabilities	11	53,457	9,307,230
Investment advance	12	359,500	-
Other current liabilities	13	-	890,930
		515,271	10,198,160
Non-current liabilities:			
Provision for closure and rehabilitation	14	-	406,904
Other non-current liabilities	15	-	1,244,183
		-	1,651,087
Total liabilities		515,271	11,849,247
Shareholders' equity (deficit):			
Share capital	16	131,256,259	128,872,855
Share-based payments reserve		506,142	798,003
Currency translation reserve		-	17,467,350
Deficit		(131,975,282)	(151,520,927)
Equity attributable to shareholders of the Company		(212,881)	(4,382,719)
Non-controlling interest	27	-	(5,624,928)
Total shareholders' equity (deficit)		(212,881)	(10,007,647)
Total liabilities and shareholders' equity (deficit)		$ 302,390	$ 1,841,600

Going concern (note 1)

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

ASIAN MINERAL RESOURCES LIMITED

Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in Canadian dollars)
Years ended December 31, 2018 and 2017

	Notes	2018	2017
Revenue	17	$ -	$ 536,927
Operating costs			
Care and maintenance costs	18	(147,357)	(769,775)
General and administrative expenses	19	(912,700)	(5,620,609)
Lawsuit settlement	28	(300,000)	-
Exploration recovery (expense)		37,645	(521,142)
Other income (expense)		44,974	(79,063)
Operating loss		(1,277,438)	(6,453,662)
Finance income		1,545	7,724
Finance expense	20	(190,661)	(1,642,606)
Gain on disposal of Vietnam operation	21	20,546,599	
		20,357,483	(1,634,882)
Net income (loss) for the year		19,080,045	(8,088,544)
Other comprehensive income (loss):			
Foreign currency translation		(502,670)	465,484
Accumulated translation gains included in gain on disposal of Vietnam operation		(17,014,947)	-
Comprehensive income (loss) for the year		$ 1,562,428	$ (7,623,060)
Net income (loss) for the year attributable to:			
Shareholders of the Company		$ 19,144,739	$ (7,376,999)
Non-controlling interest	27	(64,694)	(711,545)
Net income (loss) for the year		$ 19,080,045	$ (8,088,544)
Comprehensive income (loss) for the year attributable to:			
Shareholders of the Company		$ 1,677,389	$ (6,958,063)
Non-controlling interest	27	(114,961)	(664,997)
Comprehensive loss for the year		$ 1,562,428	$ (7,623,060)
Basic and diluted shareholders' income (loss) per share	16(e)	$ 3.78	$ (2.05)
Weighted average number of common shares outstanding	16(e)	5,050,538	3,945,947

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

ASIAN MINERAL RESOURCES LIMITED

Consolidated Statement of Changes in Equity
(Expressed in Canadian dollars, except number of common shares)
Years ended December 31, 2018 and 2017

	Number of common shares (note 16)	Share capital (note 16)	Share-based payments reserve	Currency translation reserve	Deficit	Shareholders' equity	Non-controlling interest	Total
Balance, January 1, 2017	3,944,629	$ 128,732,855	$ 632,778	$ 17,048,414	$ (144,354,584)	$ 2,059,463	$ (4,959,931)	$ (2,900,468)
Issue of shares, net of costs	35,000	140,000	-	-	-	140,000	-	140,000
Share-based payments	-	-	375,881	-	-	375,881	-	375,881
Expiry of options	-	-	(210,656)	-	210,656	-	-	-
Currency translation gain	-	-	-	418,936	-	418,936	46,548	465,484
Net loss for the year	-	-	-	-	(7,376,999)	(7,376,999)	(711,545)	(8,088,544)
Balance, December 31, 2017	3,979,629	128,872,855	798,003	17,467,350	(151,520,927)	(4,382,719)	(5,624,928)	(10,007,647)
Issue of shares, net of costs	4,766,808	2,383,404	-	-	-	2,383,404	-	2,383,404
Share-based payments	-	-	109,045	-	-	109,045	-	109,045
Expiry of options	-	-	(400,906)	-	400,906	-	-	-
Currency translation gain	-	-	-	(452,403)	-	(452,403)	(50,267)	(502,670)
Net income for the year and elimination of currency translation reserve and non-controlling interest	-	-	-	(17,014,947)	19,144,739	2,129,792	5,675,195	7,804,987
Balance, December 31, 2018	8,746,437	$ 131,256,259	$ 506,142	$ -	$ (131,975,282)	$ (212,881)	$ -	$ (212,881)

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

ASIAN MINERAL RESOURCES LIMITED

Condensed Consolidated Statements of Cash flows
(Expressed in Canadian dollars)
Years ended December 31, 2018 and 2017

	Notes	2018	2017
Cash provided by (used in):			
Operating activities:			
Net income (loss) for the year		$ 19,080,045	$ (8,088,544)
Items not involving cash:			
Share-based payments	16	109,045	515,881
Amortization and depreciation		-	39,903
Gain on disposal of Vietnam operation	21	(20,546,599)	-
Lawsuit settlement by issue of shares		300,000	-
Finance expense		190,661	-
Changes in non-cash operating working capital:			
Accounts receivable and prepaid expenses		(252,146)	707,226
Inventories		139	(3,421)
Accounts payable and accrued liabilities		(319,640)	1,709,079
Other		-	203,647
Cash flow used in operating activities		(1,438,495)	(4,916,229)
Financing activities:			
Short-term loans obtained - net		797,196	-
Investment advance		359,500	-
Interest paid		(79,740)	-
Cash flow provided by financing activities		1,076,956	-
Investing activities:			
Environmental Bond		-	(30,315)
Cash included in disposed operation	21	(16,142)	-
Cash flow used in investing activities		(16,142)	(30,315)
Net decrease in cash and cash equivalents		(377,681)	(4,946,544)
Effect of foreign exchange rate fluctuations on cash held in foreign jurisdictions		1,351	(8,435)
Cash and cash equivalents, beginning of year		502,367	5,457,346
Cash and cash equivalents, end of year		$ 126,037	$ 502,367

Supplemental cash flow information (note 25)

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

1. Nature of business and going concern:

Asian Mineral Resources Limited (the “Company” or “AMR”) is incorporated under the laws of the Province of British Columbia by a certificate of continuance as of December 31, 2004, having previously been incorporated and registered under the New Zealand Companies Act 1993. On April 19, 2004, the Company became listed on the TSX-Venture Exchange (TSX-V). The Company’s principal business activities are the exploration and development of mineral property interests. The Company’s registered corporate office is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, Canada M5H 1T1.

The Company’s principal mineral property interest, until July 17, 2018, was a nickel joint venture, in the Ban Phuc Project Area located 160 km west of Hanoi in Son La Province, in northwestern Vietnam. Development of the project completed in 2012, with full commercial production commencing November 1, 2013. Over the course of its life, Ban Phuc produced c.20,000 tonnes of nickel and c.10,000 tonnes of copper, plus cobalt as a by-product. Mining and processing operations were suspended in September 2016 with operations transitioned to care and maintenance. After a thorough strategic review process, the Company announced the sale of the Ban Phuc Nickel Mine on July 17, 2018 after approval by the Company’s shareholders, which allowed for an orderly exit from Vietnam (note 21). The Company’s 90% ownership interest in the mine and supporting infrastructure was sold to Ta Khoa Mining Limited (“Ta Khoa”), a company established by AMR’s longstanding in-country senior manager, Mr. Stephen John Ennor. Ta Khoa assumed all existing trade payables, tax, and other creditor liabilities of the Company’s subsidiary, Ban Phuc Nickel Mines LLC (“BPNM”). AMR has retained the right to receive 25% of any sale proceeds in excess of US $2 million from the sale of the Vietnamese assets if such sale is completed prior to January 16, 2020.

These consolidated financial statements have been prepared on a going concern basis, which assumes 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 as they come due. As at December 31, 2018, the Company had an accumulated deficit of $132.0 million, with cash and cash equivalents of $126,037, and negative working capital of $312,881. The Company has not recorded any revenues from operations, has no source of operating cash flow and no assurance that additional funding will be available. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern.

1. Nature of business and going concern (continued):

During the fourth quarter of 2018, the Company issued 4,766,808 common shares at a price of $0.50 per share to extinguish $2,383,404 of liabilities pursuant to settlement agreements with certain of the Company's creditors. Additionally the Company entered into agreements with a group of investors pursuant to which such investors advanced the sum of $359,500 conditional upon, and in anticipation of the completion of a future equity financing, expected to be by June 30, 2019. Should the Company fail to complete an equity financing by a date determined by the Company and the investors, the Company is required to return the full amount of the advance. These funds have allowed the Company to pay outstanding and ongoing administrative expenses. Future financing will be required to fulfill requirements under the Holt Option Agreement (note 9) and for future administrative operations. There can be no assurance that the Company will be able to obtain sufficient financing and such financing, if realized, might not be favourable to the Company and might involve substantial dilution to existing shareholders. Should the Company not be able to continue as a going concern, adjustments to the carrying values and classification of its assets and liabilities would be required.

2. Basis of preparation:

(a) 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").

(b) Approval of the financial statements:

The consolidated financial statements of the Company for the year ended December 31, 2018, were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 29, 2019.

(c) Comparative figures:

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently for all periods presented in these consolidated financial statements.

(a) Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis, utilizing the accrual method of accounting unless otherwise described in the following notes.

3. Significant accounting policies (continued):

(b) Revenue recognition:

Revenue from sales of nickel concentrate is sold under pricing arrangements whereby revenue is recognized at the time of shipment, at which time legal title and risk pass to the customer and provisional revenue is recorded at current month average price as per the London Metals Exchange. The quoted period established to finalize the sales price is the second month after the shipment month, within which the contract is required to be settled. Changes between the prices recorded upon recognition of provisional revenue and final price due to fluctuation in metal market prices result in the existence of an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of revenue and receivables. Changes in the estimate of concentrate nickel content resulting from the final independent analysis of the concentrate are recognized at the point at which such analysis is agreed upon between the Company and its customers.

(c) Currency translation:

The functional and presentation currency of the Company is the Canadian dollar. The functional currency of its former subsidiary, Ban Phuc Nickel Mines Limited Liability Company ("BPNM"), was the United States dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities are translated at the exchange rate in place on the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Foreign currency translation differences are recognized in profit or loss.

For consolidation purposes, BPNM was translated into the Company's presentation currency of Canadian dollars. Assets and liabilities were translated using the exchange rate prevailing at the end of the reporting period. Income and expense items were translated at the average exchange rate for the relevant period. Translation differences were recognized in other comprehensive income (loss) and accumulated within equity in the currency translation reserve, until the asset was disposed of in the third quarter of 2018.

(d) Basis of consolidation:

These consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's subsidiaries were disposed of in the third quarter of 2018 on disposition of the Ban Phuc Mine (note 21). All intercompany transactions and balances between the Company and its subsidiaries were eliminated on consolidation. For partially owned subsidiaries, the interest attributable to non-controlling shareholders was reflected in non-controlling interest. The Company determines whether it shall consolidate a subsidiary by assessing whether it has control over the subsidiary. Factors considered in such an assessment include whether the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

3. Significant accounting policies (continued):

(d) Basis of consolidation (continued):

The Company currently has no subsidiaries. However significant subsidiaries of the Company prior to the sale of its investment in Vietnam assets on July 17, 2018 (note 21) were as follows:

Name	Country of incorporation	Effective interest
Ban Phuc Nickel Mines Limited Liability Company	Vietnam	90%
Asian Mineral Resources Nickel Limited	Cook Islands	100%

(e) Cash and cash equivalents:

Cash and cash equivalents consist of cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less when acquired.

(f) Inventories:

Inventories include nickel concentrate in progress and produced, and consumable materials and supplies. The cost of nickel concentrate in progress and produced is determined principally by average production costs. Production inventories are stated at the lower of average production costs and net realizable value.

Costs of nickel concentrate inventories include all costs incurred up until production of a tonne of nickel concentrate such as mining costs, processing costs, maintenance costs, road transport costs, and directly attributable general and administration costs, but exclude royalties. Net realizable value is determined with reference to estimated contained nickel, copper, and cobalt metal and current market prices at the reporting period end date.

Consumable materials and supplies inventory consists of consumables used in development activities, such as explosives, fuel, and spare parts which are valued at the lower of cost and replacement cost (approximates net realizable value) and, where appropriate, less a provision for obsolescence.

(g) Prepayments:

Prepayments to suppliers and contractors are based on the contract progress, with payments made at specified stages of the contract. These payments are recognized in the balance sheet as prepaid expenses.

(h) Property, plant, and equipment:

Property, plant and, equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Plant and equipment includes capitalized development expenditures. Cost includes expenditures that are directly attributable to the acquisition or construction of an asset and includes the direct charges associated with 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. Significant accounting policies (continued):

(h) Property, plant and equipment (continued):

Depreciation is provided on plant and equipment, calculated on a unit-of-production basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual financial period with the effect of any changes recognized on a prospective basis.

Asset	Basis	Rate range
Building, machinery, motor vehicles, infrastructure	Straight-line	14% - 25%
Furniture and office equipment	Straight-line	11% - 33%
Licenses and franchises	Straight-line	11% - 33%
Plant and mine development	Unit of production based mineral reserves	

The expenditures related to construction are capitalized as construction-in-progress and are included within property, plant, and equipment. Construction in progress represents the cost of remaining plant and mine development, which is under construction. Costs directly attributable with ongoing construction related activities during the commissioning phase of new assets incurred in the period before they are operating in the way intended by management are capitalized; all other costs not directly attributable are expensed. No depreciation is provided for construction in progress during the period of construction.

(i) Mineral property interest:

Exploration expenses incurred prior to determination of the technical feasibility and commercial viability of mining operations and issuance of a mining license are expensed as incurred. Mineral property acquisition costs and exploration and development expenditures incurred subsequent to the determination of technical feasibility and commercial viability of mining operations and issuance of a mining license are deferred, less accumulated amortization and accumulated impairment losses, if any, until the property to which they relate commences commercial production, is sold, allowed to lapse or is abandoned. Technical feasibility and commercial viability generally coincide with the establishment of proven and probable reserves; however, this determination may be impacted by management's assessment of certain modifying factors. When commercial production in an area of interest has commenced, the associated costs are amortized over the estimated economic life of the mine on a units-of-production basis using proven and probable reserves (as defined by National Instrument 43-101).

Changes in factors such as estimates of proven and probable reserves that affect units-of-production calculations are accounted for on a prospective basis.

3. Significant accounting policies (continued):

(j) Impairment of long-lived assets:

At the end of each year or at each reporting date, the Company reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets may be impaired. 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 the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

The recoverable amount of a CGU is the higher of the CGU's fair value less costs to sell and its 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 assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. Impairment losses are recognized in profit and loss in the period the impairment indicator is identified.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset or CGU is increased to its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. The reversal of an impairment loss is recognized immediately in profit and loss.

(k) Reserve estimates:

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 *Standards for Disclosure of Mineral Projects* ("NI 43-101"). Reserves are used when performing impairment assessments on the Company's mineral property, for forecasting the timing of payment of mine closure, reclamation and rehabilitation costs, and in determining the depletion of mineral properties.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs, or recovery rates may change the economic status of reserves and may, ultimately, result in changes to reserve estimates. Any adjustments are accounted for prospectively.

3. Significant accounting policies (continued):

(l) Provision for closure and rehabilitation:

A provision for closure and rehabilitation is recognized when there is a legal or constructive obligation to remediate as a result of exploration, development, and production activities undertaken, if the amount of the provision can be measured reliably. The estimated future obligations include the costs of dismantling, and removal of facilities and restoration. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation cost capitalized is amortized on the same basis as the related asset. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at the reporting date.

(m) Share capital:

Common shares are classified as equity. The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued at the quoted market price on the date the shares are issued or a price determined using an appropriate formula to represent market value and agreed upon by the governing public stock exchange.

(n) Share-based payments:

The Company has a share option plan, under which the fair value of all share-based awards is estimated using the Black-Scholes Option Pricing Model at the grant date and amortized over the vesting periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received, or the fair value of the equity instruments issued if it is determined the fair value of the goods or services received cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset is credited to share-based payment reserve.

Upon the exercise of the share purchase options, consideration paid together with the amount previously recognized in the share-based payment reserve is recorded as an increase to share capital. Charges for share purchase options that are forfeited before vesting are reversed from the share-based payments reserves. For those share purchase options that expire or are forfeited after vesting, the amount previously recorded in share-based payments reserve is transferred to deficit.

(o) Interest expense:

Interest is recognized using the effectiveness interest method, taking into account the principal outstanding and the effective rate over the period to maturity.

3. Significant accounting policies (continued):

(p) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of operations except to the extent that the tax relates to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be in effect when temporary differences reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

(q) Financial assets

Financial asset are measured at:

(i) Amortized cost;

(ii) Fair Value in Other Comprehensive Income (“FVOCI”) – debt investment;

(iii) FVOCI – equity investment; and

(iv) Fair Value Through Profit or Loss (“FVTPL”).

The classification depends on the business model in which the financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9, Financial Instruments, are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant accounting policies (continued):

(q) Financial assets (continued):

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets

Financial assets measured at amortized cost, contract assets, and debt investments in FVOCI, but not investments in equity instruments, are assessed for credit impairment under the expected credit loss ("ECL") model of impairment. This impairment model applies to lease receivables, loan commitments, and financial guarantee contracts; the Company has no such items. The financial assets at amortized cost consist of accounts receivables, cash and cash equivalents.

3. Significant accounting policies (continued):

(q) Financial assets (continued):

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to accounts and other receivables are presented separately in the statement of profit or loss and OCI. Impairment losses on other financial assets are presented under ‘finance costs’, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

(r) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortized cost.

Financial liabilities

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

Financial liabilities are classified as current or non-current based on their maturity dates. The Company has classified accounts payable and other liabilities as liabilities at amortized cost.

De-recognition of financial liabilities

The Company de-recognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire.

(s) Earnings (loss) per share:

Basic earnings (loss) per share is calculated by dividing the income (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. For all periods presented, income (loss) available to common shareholders equals the reported income (loss) attributable to the shareholders of the Company.

Diluted earnings (loss) per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares issued and outstanding used for the calculation of diluted earnings (loss) per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the year.

4. Changes in accounting standards:

The accounting policies applied by the Company in these audited condensed consolidated financial statements include the changes in accounting standards listed below.

IFRS 9 *Financial Instruments*

The Company adopted IFRS 9 *Financial Instruments* to replace IAS 39 *Financial Instruments: Recognition and Measurement* on January 1, 2018, using a modified retrospective basis without restatement of prior year figures. The adoption of IFRS 9 did not have a material impact on the consolidated financial statements because of the nature of the Company's operations and the types of financial assets that it holds. There were no adjustments on adoption of IFRS 9 on the carrying amounts of financial assets or financial liabilities.

IFRS 15 *Revenue from Contracts with Customers*

The Company adopted IFRS 15 to replace existing revenue recognition guidance, including IAS 18 *Revenue,* IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programs* on January 1, 2018, using a modified retrospective basis without restatement of prior year figures The adoption did not have a significant impact to the consolidated financial statements as the Company is not currently generating revenue from its operations.

Recent accounting announcements

In January of 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16") which replaces the existing leasing standard, IAS 17 *Leases*. The new standard effectively eliminates the distinction between operating and finance leases for lessees, while lessor accounting remains largely unchanged with the distinction between operating and finance leases retained. IFRS 16 takes effect on January 1, 2019, with earlier application permitted. This standard will have no impact on the Company's financial statements.

5. Critical judgments in applying accounting policies:

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (note 6), that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

(a) Economic recoverability and probability of future economic benefits of exploration, evaluation, and development costs:

Management has determined that exploration drilling, evaluation, development, and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits, and life of mine plans.

5. Critical judgments in applying accounting policies (continued):

(b) Functional currency:

The functional currency for any Company subsidiary is the currency of the primary economic environment in which the entity operates. It has been determined that the functional currency of BPNM was the United States dollar, while the functional currency for the Company and its other subsidiaries were the Canadian dollar. Assessment of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in the events and conditions, which determine the primary economic environment.

(c) Going concern:

The assessment of the Company's ability to continue as a going concern (note 1) involves judgment regarding its future funding. Judgments must also be made with regard to events or conditions, which might give rise to significant uncertainty.

6. Key sources of estimation uncertainty:

The preparation of the consolidated financial statements requires management to make estimates and assumptions of the effect of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Differences between the actual results and present estimates and assumptions have the potential to materially affect the Company's consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effect on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that may result in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

(a) Impairment of mineral properties, plant, and equipment:

The Company considers both external and internal sources of information in assessing whether there are any indications that mineral properties, plant, and equipment are impaired. External sources of information the Company considers include changes in the market, economic, and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mineral properties, plant, and equipment. Internal sources include the manner in which mineral properties, plant, and equipment are being used or are expected to be used, and indications of economic performance of the assets.

In determining the recoverable amounts of the Company's mineral properties, plant, and equipment, the Company's management makes estimates of the discounted future after-tax cash flows expected to be derived from its mineral properties using an appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions in the amount of recoverable reserves, resources and exploration potential, and/or adverse current economics can result in a write down of the carrying amounts of the Company's mineral properties, plant, and equipment.

(Expressed in Canadian dollars, unless otherwise stated)

6. Key sources of estimation uncertainty (continued):

(b) Income taxes and tax-related liabilities:

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences, and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates for future taxable income are based on forecasted income from operations and the application of existing tax laws in each jurisdiction. Weight is attached to tax planning opportunities that are within the Company's control, feasible and can be implemented without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates could occur, which may materially affect the amounts of income tax assets recognized.

(c) Share-based compensation:

The Company includes an estimate of forfeitures, share price volatility, expected life of awards, and risk-free interest rates in the calculation of the expense related to certain long-term employee incentive plans. These estimates are based on previous experience and may change throughout the life of an incentive plan. Such changes could impact the share-based payments reserve.

7. Accounts receivable and prepaid expenses:

	December 31, 2018	December 31, 2017
GST refundable	$ 61,728	$ 44,966
Export tax receivable	-	584,365
Prepaid insurance and other receivables	14,625	163,040
Allowance for doubtful accounts	-	(111,429)
	$ 76,353	$ 680,942

Prior to the sale of the Vietnam assets on July 17, 2018, the Company was in discussion with Vietnam customs departments with regard to a refund request in respect of export taxes, which were in dispute, based on the calculation methodology utilized.

(Expressed in Canadian dollars, unless otherwise stated)

8. Inventories:

	December 31, 2018	December 31, 2017
Consumable materials and supplies	$ -	$ 314,234
	$ -	$ 314,234

Consumable materials and supplies included plant spares and consumables, and general consumables, which are recorded at net realized value.

9. Mineral Property:

During the 2018 third quarter, the Company entered into an option agreement with Island Time Exploration Limited ("Island Time") for the exclusive right to acquire up to 75% interest in four mineral titles totalling 3,687 hectares situated east of Duncan in the Victoria Mining Division (the "Holt Option" Agreement), in consideration for a fee of $100,000, payable by way of a promissory note (note 10). The exercise of the Holt option is conditional upon incurring up to an aggregate of $300,000 of exploration and development expenditures on the property by September 30, 2020.

10. Short-term loans:

	December 31, 2018	December 31, 2017
Promissory note payable to Island Time	$ 102,314	$ -

The promissory note with Island Time, is payable on June 30, 2019 and bears interest at 5% per annum.

11. Trade payables and accrued liabilities:

	December 31, 2018	December 31, 2017
Trade and other payables	$ 30,907	$ 188,416
Royalty tax	-	2,280,997
Environmental protection fee	-	529,788
Value-added tax	-	353,252
Personal income tax	-	3,236,920
Foreign contractor tax	-	1,610,107
Due to related parties (note 22)	22,550	1,107,750
	$ 53,457	$ 9,307,230

In March 2017, the General Department of Taxation ("GDT") conducted a tax audit at BPNM with regards to various types of taxes including value added tax, personal income tax, royalty tax, environmental protection fee, foreign contractor tax, and corporate income tax for the period from 2010 to 2016. The Company disagreed with a number of positions the GDT was taking with regard to the calculation of various taxes. A brief description of the taxes accrued, prior to the July 17, 2018 sale of BPNM follows.

11. Trade payables and accrued liabilities (continued):

At June 30, 2018 a Royalty tax of $2,394,235 had been accrued; however, the Company believed that the basis of calculation of exploited resources did not accurately reflect the actual production figures, resulting in an overstatement of Royalty tax by approximately $4.6 million. In addition the Company and the GDT disagreed on whether exploited resources should include waste rock and soil, in addition to processed ore, which would increase the volumes subject to royalties.

At June 30, 2018 the Company had accrued $556,089 in payment for the environmental protection fee ('EPF'). The EPF is applied at a rate based on either (1) actual exploited resources, or (2) for minerals which must be screened, sorted or enriched before sale, based on an estimated quantity of gross ore mined using a ratio for converting the quantity of finished mineral production. The Company historically accrued the EPF based on the first method; however, the GDT was of the view that the Company should have used the second method since the mined ore is subject to further processing into concentrate. The Company estimated that the additional potential liability could have been as much as $1.2 million higher, based on the GDT view.

The Company, through its Vietnam subsidiary paid value added tax (VAT) on the purchase and sale of goods and services at a rate of 5% and 10%. At June 30, 2018 the Company had accrued $370,789 in VAT payable, associated with amounts disputed by the GDT.

Historically the Company applied remote area allowances for Hanoi-based employees and for staff employed for a period greater than five years who are not eligible for concessional personal income tax (“PIT”) allowances in the declaration and payment of PIT. The Company felt that it was the GDT’s view that expatriates who worked full time in Hanoi and travelled back and forth to the mine site were not subject to non-taxable remote area allowance. At June 30, 2018, the Company had accrued $3,445,357, in PIT, which included associated potential penalties and interest.

All of the liabilities discussed above were assumed by the buyer at the time the Company sold its interest in the Ban Phuc mine (note 21).

12. Investment advance:

During the fourth quarter the Company entered into agreements with a group of investors, pursuant to which such investors advanced $359,500, conditional upon and in anticipation of the Company completing a financing at a future date to be determined. Should the Company fail to complete an equity financing by the date to be determined by the Company and the investors, the full amount of the advance is required to be returned to the investors.

13. Other current liabilities:

At December 31, 2017, other current liabilities include the final installment of Ban Phuc mining rights grant fees and installments of environment rehabilitation and afforestation related to the mine. The other liabilities were assumed by the buyer at the time the Company sold its interest in the Ban Phuc mine (note 21).

(Expressed in Canadian dollars, unless otherwise stated)

14. Provision for closure and rehabilitation:

Based on the Environmental Impact Assessment, and the Environment Resettlement and Rehabilitation Program, submitted to the authorities for the Ban Phuc project, the Ministry of Natural Resources and Environment ("MONRE") provided confirmation of the estimate for closure and rehabilitation. As at December 31, 2017 the amount of $406,904 was provided in the accounts for closure and rehabilitation expenditures, while the Company had deposited with MONRE $344,057 as an advance deposit for such future costs. The environmental bond deposit and the provision for closure and rehabilitation were assumed by the buyer at the time the Company sold its interest in the Ban Phuc mine (note 21).

15. Other non-current liabilities:

	December 31, 2018	December 31, 2017
Other	$ -	$ 688,544
Coxama loan	-	555,639
	$ -	$ 1,244,183

The Coxama loan was a long-term liability to Son La Mechanical Engineering Joint Stock Company ("Coxama"), the minority shareholder of BPNM, for initial capital contributed to the Ban Phuc project. The Coxama loan was assumed by the buyer at the time the Company sold its interest in the Ban Phuc mine (note 21). Other non-current liabilities included the statutory severance allowances, which were paid during the year to national employees of the Ban Phuc project who were deemed redundant in April 2018.

16. Share capital:

(a) Authorized:

The Company's share capital consists of an unlimited number of common shares without par value.

(b) Share consolidation:

On September 7, 2018, the Company consolidated its common shares on the basis of 200 pre-consolidation common shares for 1 post-consolidation common share. Pre-consolidation the Company had outstanding 795,920,841 common shares. Immediately post-consolidation the Company had outstanding 3,979,629 common shares. All common share and share option information referred to in these financial statements has been presented retrospectively as if the share consolidation had occurred at the beginning of the comparative period (January 1, 2017), unless otherwise stated.

(Expressed in Canadian dollars, unless otherwise stated)

16. Share capital (continued):

(c) Issued and outstanding:

	Number of shares (1)	Amount
Balance, January 1, 2017	3,944,629	$ 128,732,855
Shares issued in lieu of bonuses (note 16(d)(i))	35,000	140,000
Balance, December 31, 2017	3,979,629	128,872,855
Issued to extinguish debt (note 16(d)(i))	4,766,808	2,383,404
Balance, December 31, 2018	8,746,437	$ 131,256,259

(1) Post consolidation share balance (note 16(b))

(d) Share-based compensation:

(i) Common shares:

In the fourth quarter of 2018 the Company issued 4,766,808 common shares to extinguish $2,383,404 of liabilities pursuant to settlement agreements. The debt settlement included:

- the issue of 685,000 common shares to settle fees outstanding to current and former directors of the Company;
- the issue of 39,796 common shares to the Company's Chief Executive Officer in satisfaction of outstanding compensation;
- the issue of 600,000 common shares to a former Chief Executive Officer to settle a claim brought before the High Court of New Zealand in respect of a dispute over a royalty interest from smelter proceeds and sale of product in connection with the Company's historic operation in Vietnam (note 28); and
- the issue of 3,442,012 common shares to Pala Investments in order to settle amounts owing pursuant to shareholder loans, advisory fees, travel re-imbursement and secondment of personnel (note 22(d)).

A total of 35,000 post-consolidation common shares of the Corporation were issued in the fourth quarter of 2017 to a senior executive as part of his employment contract. Executive compensation in the amount of $140,000 has been recorded representing the value of the shares issued.

16. Share capital (continued):

(ii) Common share options:

The Company grants share purchase options pursuant to the policies of the TSX-Venture Exchange with respect to eligible persons, exercise price, maximum term, vesting, maximum options per person, and termination of eligible person status. The purpose of the share purchase options is to retain and motivate management, staff, consultants, and other qualified individuals by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth.

The Company granted options during the 2017 second quarter to one of its senior employees as follows:

i) fifteen million pre-consolidation options exercisable at $0.05 per share (75,000 post-consolidation options exercisable at $10);

ii) fifteen million pre-consolidation options exercisable at $0.075 per share (75,000 post-consolidation options exercisable at $15); and

iii) fifteen million pre-consolidation options exercisable at $0.10 per share (75,000 post-consolidation options exercisable at $20).

The share options have a five-year term and as at December 31, 2018, have all vested.

The fair value of the options granted totaling $570,500 was estimated using the Black-Scholes Option Pricing model assuming a range of risk-free interest rates averaging 1.85% and a range of expected volatilities of between 50 -107%, an expected dividend rate of nil and an expected life of five years.

During the year ended December 31, 2018, $109,045 was recorded as share-based compensation expense (December 31, 2017: $375,881) related to the vesting of share options previously granted to directors and employees.

(Expressed in Canadian dollars, unless otherwise stated)

16. Share capital (continued):

(d) Share-based compensation (continued):

The continuity of outstanding share purchase options for the year ended December 31, 2018, after giving effect to the September 7, 2018 200:1 share consolidation (note 16 (b)), is as follows:

Expiry dates	Exercise prices	Balance December 31, 2017	Granted	Exercised	Expired/ cancelled/ forfeited	Balance December 31, 2018
August 23, 2018	$10.00	2,000	-	-	(2,000)	-
October 23, 2018	$10.00	13,566	-	-	(13,566)	-
February 1, 2019	$16.00	12,683	-	-	(12,683)	-
August 22, 2019	$10.00	10,000	-	-	(10,000)	-
November 5, 2019	$10.00	8,704	-	-	(5,000)	3,704
October 2, 2020	$10.00	35,000	-	-	(35,000)	-
April 5, 2022	$10.00	75,000	-	-	-	75,000
April 5, 2022	$15.00	75,000	-	-	-	75,000
April 5, 2022	$20.00	75,000	-	-	-	75,000
		306,953	-	-	(78,249)	228,704
Weighted average exercise price		$ 13.91	-	-	-	$ 14.92
Weighted average remaining life (years)		3.63	-	-	-	3.22

The continuity of outstanding share purchase options for the year ended December 31, 2017, after giving effect to the September 7, 2018 200:1 share consolidation (note 16 (b)), is as follows:

Expiry dates	Exercise prices (1)	Balance December 31, 2016	Granted	Exercised	Expired/ cancelled/ forfeited	Balance December 31, 2017
July 17, 2017	$20.00	20,037	-	-	(20,037)	-
November 16, 2017	$20.00	4,500	-	-	(4,500)	-
August 23, 2018	$10.00	2,000	-	-	-	2,000
October 23, 2018	$10.00	13,566	-	-	-	13,566
February 1, 2019	$16.00	12,683	-	-	-	12,683
August 22, 2019	$10.00	10,000	-	-	-	10,000
November 5, 2019	$10.00	8,704	-	-	-	8,704
October 2, 2020	$10.00	35,000	-	-	-	35,000
April 5, 2022	$10.00	-	75,000	-	-	75,000
April 5, 2022	$15.00	-	75,000	-	-	75,000
April 5, 2022	$20.00	-	75,000	-	-	75,000
		106,490	225,000	-	(24,537)	306,953
Weighted average exercise price		$ 13.02	$15.00	-	$20.00	$13.91
Weighted average remaining life (years)		3.30	-	-	-	3.63

As at December 31, 2018, 228,704 share purchase options were exercisable (December 31, 2017: 181,490 options). These options have a weighted average exercise price of $14.92 (December 31, 2017: $13.84).

(Expressed in Canadian dollars, unless otherwise stated)

16. Share capital (continued):

(e) Income/ (loss) per share ("EPS"):

The loss per share for previously periods has been restated to include the effect of the 200:1 common share consolidation, effective September 7, 2018. The loss and weighted average number of outstanding shares used in the calculation of basic and diluted loss per share are as follows:

	December 31, 2018	December 31, 2017
Net income (loss) for the year ended used in the calculation of basic EPS	$ 19,080,045	$ (8,088,544)
Weighted average number of outstanding shares for the purpose of basic EPS	5,050,538	3,945,947
Weighted average number of outstanding shares used in the calculation of diluted EPS	5,050,538	3,945,947
Basic earnings/(loss) per share	$ 3.78	$ (2.05)
Diluted earnings/(loss) per share	$ 3.78	$ (2.05)

17. Revenue:

	2018	2017
Nickel concentrate sales	$ -	$ 671,159
Export tax	-	(134,232)
	$ -	$ 536,927

18. Care and maintenance costs:

	2017	2016
Site, camp administrative costs	$ 73,062	$ 626,905
Plant costs	66,180	89,932
Mining costs	-	1,212
Other costs	8,115	51,726
	$ 147,357	$ 769,775

19. General and administrative expenses:

	2018	2017
Salaries, wages and benefits	$ 532,931	$ 1,729,557
Taxes and fees	-	2,238,779
Professional and regulatory	168,332	596,610
Travel	24,224	105,541
Office, administrative and share-based compensation	187,213	950,122
	$ 912,700	$ 5,620,609

(Expressed in Canadian dollars, unless otherwise stated)

20. Finance expense:

	2018	2017
Foreign contractor tax on interest expense	$ 148,562	$ 238,214
Interest on promissory notes	21,710	
Foreign exchange on promissory notes and cash balances	20,389	1,404,392
	$ 190,661	$ 1,642,606

21. Gain on disposal of Vietnam operation:

On July 17, 2018 the Company sold its 90% ownership interest in the Ban Phuc mine to Ta Khoa Mining Limited ("Ta Khoa"), a company established by AMR's longstanding in-country senior manager, Mr. Stephen John Ennor for a nominal sum. In exchange, Ta Khoa assumed all existing trade payables, tax, and other creditor liabilities of the Company's subsidiary, Ban Phuc Nickel Mines. AMR retains the right to 50% of any sale proceeds in excess of US $2 million from the sale of the Vietnamese assets completed within 6 months after closing of the sale to Ta Khoa, and 25% of any sale proceeds in excess of US $2 million from the sale of the Vietnamese assets completed between 6 and 18 months after closing of the sale to Ta Khoa. The Company has determined that it is unlikely that any further consideration will be received in respect of this provision, therefore the total proceeds on disposition of the Ban Phuc mine were determined to be $ nil.

Detail of the assets and liabilities disposed of resulting in the realization of a gain on the deconsolidation of the Vietnam operation is as follows:

	June 30 2018
Cash and cash equivalents	$ (16,142)
Accounts receivable and prepaid expenses	(641,973)
Stock, materials and supply inventory	(329,690)
Environmental bond	(361,138)
Trade payables and accrued liabilities	92,481
Taxes payable	8,610,536
Other current liabilities	907,139
Provision for closure and rehabilitation	427,104
Other non-current liabilities	583,224
Currency translation reserve	17,014,947
Non-controlling interest	(5,739,889)
Gain on disposal of Vietnam Operations	$ 20,546,599

(Expressed in Canadian dollars, unless otherwise stated)

22. Related party transactions:

(a) Balances receivable and payable:

The amounts due to related parties and included in accounts payable, are non-interest bearing, unsecured, and due on demand, and comprise the following:

	December 31, 2018	December 31, 2017
Due to directors	$ -	$ 364,690
Due to executive officers	22,550	7,119
Due to Pala Investment Limited	-	735,941
	$ 22,550	$ 1,107,750

(b) Issue of shares for debt:

In November 2018, 4,166,808 common shares were issued to certain of the Company's current and past directors, the Chief Executive Officer and Pala Investments Limited pursuant to settlement agreements for liabilities outstanding (note 16(d)).

A total of 35,000 post-consolidation common shares of the Corporation were issued in the fourth quarter of 2017 to a senior executive as part of his employment contract. Executive compensation in the amount of $140,000 was recorded representing the value of the shares issued.

(c) Key management personnel:

Key management personnel includes the salaries and consulting fees paid and/or accrued to the Company's senior officers and directors as follows:

	2018	2017
Salary and consulting fees	$ 183,112	$ 577,406
Directors' fees	-	157,468
Share-based payments, directors and senior officers	471,442	515,881
	$ 654,554	$ 1,250,755

Share-based payments comprise the grant of share options to directors and employees, and the issuance of common shares to certain directors, in lieu of cash payment for director fees. In 2018, 724,796 common shares were issued to current and former directors and the Chief Executive Officer pursuant to settlement agreements on fees and compensation outstanding (note 16(d)).

(d) Pala Investments Limited:

During 2012, as a result of a series of equity transactions, Pala Investments Limited ("Pala") became a controlling shareholder of the Company. On March 28, 2013, Pala purchased 158,845,081 pre-consolidation (794,225 post-consolidation) common shares of the Company pursuant to the exercise of its basic subscription privilege in full under the Company's rights offering. In addition, Pala purchased 88,762,232 pre-consolidation (443,811 post-consolidation) common shares of the Company pursuant to a standby commitment provided as part of the rights offering.

(Expressed in Canadian dollars, unless otherwise stated)

22. Related party transactions(continued):

(d) Pala Investments Limited:

During the 2018 second quarter, the Company obtained loans of US$180,000, US$380,000, and US $70,000 from Pala, the majority shareholder of the Company. The funds from these loans were used to complete employee termination payments and certain other costs to prepare BPNM for potential sale, restructuring or liquidation, along with covering on-going administrative operating costs. These loans were settled with cash payments or issuance of common shares during the year.

In October 2018, the Company settled outstanding liabilities related to $886,974 payable (December 31, 2017 - $735,941) for advisory fees, secondment of personnel, and traveling costs reimbursements during the 2015 through 2018 years and shareholder loans and accrued interest outstanding in the amount of $834,032 (December 31, 2017 – nil), by issuing to Pala 3,442,012 common shares of the Company.

As at December 31, 2018, Pala owned and controlled, directly or indirectly, 6,291,081 post-consolidation common shares of the Company, representing 71.9% of the Company.

23. Segment information:

The Company conducts its business as a single reportable operating segment. Until the sale of BPNM on July 17, 2018, the Company was involved in the exploration and development of mineral properties in Vietnam. Currently, the Company has an option on an exploration property located in Canada. Geographical information is as follows:

December 31, 2018	Canada	Vietnam	Other	Total
Income (loss) for the period	$ (800,757)	$ 19,880,802	$ -	$ 19,080,045
Total assets	302,390	-	-	302,390

December 31, 2017	Canada	Vietnam	Other	Total
Revenue	$	$ 536,927	$ -	$ 536,927
Interest income	7,714	10	-	7,724
Loss for the period	(1,351,860)	(6,641,918)	(94,766)	(8,088,544)
Non-current assets	-	344,057	-	344,057
Total assets	704,470	1,129,613	7,517	1,841,600

(Expressed in Canadian dollars, unless otherwise stated)

24. Income tax:

The Company's income tax recovery differs from the amounts computed by applying the Canadian statutory rate of 26.5% (2017 – Vietnam statutory rate of 20%) as follows:

	2018	2017
Net income (loss) for the year before income tax	$ 19,080,045	$ (8,088,544)
Expected tax recovery (expense)	$ (5,056,212)	$ 1,617,709
Different in tax rates between jurisdictions	33,756,293	566,198
Permanent differences	(16,928,070)	(837,756)
Change in unrecognized deferred tax assets	(11,772,011)	(1,346,151)
Deferred income tax recovery	$ -	$ -
Unrecognized deferred tax assets:		
Deferred financing costs	$ 5,565	$ 24,476
Mineral property interest and plant and equipment	-	10,589,124
Provisions deductible when paid	-	404,578
Inventory	-	319,018
Other	-	335,627
Net losses:		
Vietnam	-	11,422,220
Canada	22,802,808	5,709,782
	$ 22,808,373	$ 30,159,795

As at December 31, 2018, the Company had tax losses of $84,454,844 that expire between 2019 and 2038. At December 31, 2018, the Company had deductible temporary differences other than tax losses of $20,611 (2017 - $58,364,117) for which deferred tax assets have not been recognized because it is not probable that future taxable profits will be available against which the Company can utilize the benefits.

(Expressed in Canadian dollars, unless otherwise stated)

25. Supplemental cash flow information:

		2018		2017
Supplemental information:				
Interest received	$	1,545	$	7,724
Non-cash operating, financing and investing transactions:				
Shares issued in settlement of outstanding liabilities (Note 16(d))		2,383,404		-
Movement from share-based payments reserve to deficit for forfeited options		400,906		210,656

26. Financial risk management:

(a) Credit risk:

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank, its short-term guaranteed investment certificates and accounts receivable. The majority of the Company's cash balances are held with major Canadian banks and in the view of the Board are considered creditworthy. Until July 17, 2018 when the Company disposed of its investment in BPNM, a portion of funds were held with the Vietnam International Bank, which is 20% owned by the Commonwealth Bank of Australia, which is a creditworthy bank. The Company only deals with reputable financial institutions and regularly assesses international exposure and market risk. The Company has a small investment in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. As at December 31, 2018, the Company had GST refundable and other prepaid and receivables, in the amount of $76,353, that were not considered past due.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to aid in determining the funds required to support normal operating requirements on an ongoing basis, including its capital development and exploration expenditures. As at December 31, 2018, the Company had cash and cash equivalents of $126,037 (December 31, 2017 - $502,367) and accounts payable, accrued liabilities and other current liabilities of $515,271 (December 31, 2017 - $10,198,160) (see note 1).

(c) Market risk:

The Company's primary market risks include changes in foreign exchange and interest rates on financial instruments in other than Canadian dollars. At December 31, 2018, the Company had no hedging agreements in place with respect to metal prices or exchange rates.

26. Financial risk management (continued):

(c) Market risk (continued):

(*i*) Currency risk:

The Company was exposed to the financial risks related to the fluctuation of foreign exchange rates, prior to its disposition of its investment in BPNM during the third quarter of 2018. After the disposition, the Company only has offices in Canada, while prior to the disposition the Company had offices in Canada and Vietnam and held cash in Canadian, United States, Vietnamese, and Australian currencies in line with forecasted expenditures. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar, Vietnamese dong, and Australian dollar could have had an effect on the Company's results of operations, financial position, or cash flows.

At December 31, 2018 and 2017, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

		December 31, 2018		December 31, 2017
Cash and cash equivalents	US$	-	US$	174,567
Accounts receivable		-		493,580
Environmental bond		-		274,248
Accounts payable and accrued liabilities		-		(7,749,035)
Other non-current liabilities		-		(991,738)
	US$	-	US$	(7,798,378)
Canadian dollar equivalent (period-end)	$	-	$	(9,783,437)

A 10% appreciation of the Canadian dollar against the US dollar at December 31, 2018 would have no effect on the net income (December 31, 2017: decrease net loss by $779,838).

At December 31, 2018 and 2017, the Company is exposed to currency risk through the following assets and liabilities denominated in Vietnamese dong:

		December 31, 2018		December 31, 2017
Cash and cash equivalents	VND	-	VND	583,411,962
	VND	-	VND	583,411,962
Canadian dollar equivalent (period-end)	$	-	$	32,087

A 10% appreciation of the Canadian dollar against the Vietnamese dong at December 31, 2018 would result in no change in net income for the year (December 31, 2017: increase net loss by $3,209).

(Expressed in Canadian dollars, unless otherwise stated)

26. Financial risk management (continued):

(*ii*) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash and cash equivalents attract interest at floating rates and have maturities of 90 days or less. The interest is typical of Canadian banking rates, which are at present historically low; however, the Company's conservative investment strategy mitigates the risk of deterioration to capital invested. A change of 100 basis points in the interest rate would not be material to the consolidated financial statements.

(*iii*) Commodity price risk:

The Company currently has no sale of commodities, as it does not have a producing asset. Metal prices have historically fluctuated significantly and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand due to speculative hedging activities, and certain other factors. The Company has not engaged in any hedging activities to reduce its exposure to commodity price risk. Revenue from the sale of concentrates was always based on prevailing market prices, which were subject to adjustment upon final settlement. For each reporting period until final settlement, estimates of metal prices were used to record sales.

(d) Financial assets and liabilities:

As at December 31, 2018, the carrying and fair values of the Company's financial instruments by category are as follows:

	Amortized cost	Financial liabilities	Fair value	Less than 1 year	1 to 3 years
Financial assets					
Cash and cash equivalents	$ 126,027	-	$ 126,027	$ 126,027	-
Accounts receivable and prepaid expenses	$ 76,353	-	$ 76,353	$ 76,353	-
Total financial assets	$ 202,380	-	$ 202,380	$ 202,380	-
Financial liabilities					
Short-term loans	-	$ 102,314	$ 102,314	$ 102,314	-
Trade payables and accrued liabilities	-	$ 53,457	$ 53,457	$ 53,457	-
Other current liabilities	-	$ 359,500	$ 359,500	$ 359,500	-
Total financial liabilities	-	$ 515,271	$ 515,271	$ 515,271	-

26. Financial risk management (continued):

(e) Fair value:

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 - Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.
- Level 2 - Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full contractual term of the asset or liability.

Prior to its disposal of the Ban Phuc mine in July 2018, the Company determined the fair value of provisional sales and the embedded derivative related to its trade receivables based on the quoted forward commodity price obtained from the London Metals Exchange. The embedded derivative related to trade receivables was therefore classified as a Level 2 financial asset.

- Level 3 - Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, other current liabilities approximate their respective fair values due to the short-term nature of these instruments.

The Company has no financial assets or liabilities, recorded at fair value, included in Level 1 or 3 of the fair value hierarchy.

27. Non-controlling interest:

BPNM was originally owned 70% by the Company, with the remaining 30% owned by the Vietnamese Government, 20% through Mineral Development Company ("Mideco"), an agency of the Ministry of Heavy Industry of Vietnam and 10% through Son La Mechanical Engineering Company, a company owned by the People's Committee of the Province of Son La, which was privatized and renamed Son La Mechanical Engineering Joint Stock Company ("Coxama"). On July 12, 2006, the Company acquired a 20% interest in BPNM from Mideco by paying US$2,500,000, thereby increasing its ownership interest to 90%. All funding for BPNM to continue exploration, development, and construction of the Ban Phuc project were fully funded by the Company through intercompany loan agreements and a bank term loan. On July 17, 2018, the Company sold its entire interest in BPNM (note 21). Prior to July 17, 2018, the 10% non-controlling interest of Coxama was presented separately in the Company's balance sheet and statement of operations and comprehensive income (loss).

28. Capital management:

The Company manages its capital structure and makes adjustment to it, in order to have the funds available to support its exploration, development, and other activities. The adequacy of the capital structure is assessed on an ongoing basis and adjusted as necessary after taking into consideration the Company's strategy, the metals markets, the mining industry, economic conditions, and the associated risks. The Company utilized a combination of equity and debt financing for the final development funding of the Ban Phuc mine. The Company's capital management approach is reviewed on an ongoing basis. The Company is not subject to externally imposed capital requirements.

29. Contingency settlement :

The Company was formerly in a dispute in respect of the right of a former director, and a company controlled by the director, to a 0.25% gross royalty on the Company's share of smelter proceeds or other sale of product (less royalties), derived from the BPNM joint venture. During the year, the Company settled the dispute through the issuance of 600,000 shares of the Company at a fair value of $300,000.