Blue Sky Uranium Corp.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Blue Sky Uranium Corp.

Opinion

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

In our opinion, the accompanying consolidated 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 its 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's 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 this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Diana Huang.

Crowe MacKay LLP

Chartered Professional Accountants
Vancouver, Canada
April 9, 2019

Blue Sky Uranium Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2018 $	December 31, 2017 $
ASSETS			
Current assets			
Cash		1,293,079	742,363
Accounts receivable		12,379	15,314
Prepaid expenses		242,000	211,979
Total current assets		1,547,458	969,656
Non-current assets			
Equipment	3	-	3,277
Mineral property interests	4	59,177	54,243
Total non-current assets		59,177	57,520
Total Assets		1,606,635	1,027,176
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	143,594	613,606
Total Liabilities		143,594	613,606
EQUITY			
Share capital	5	28,729,625	25,067,911
Reserves	5	7,332,186	5,399,265
Deficit		(34,598,770)	(30,053,606)
Total Equity		1,463,041	413,570
Total Equity and Liabilities		1,606,635	1,027,176

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENT (Note 10)

These consolidated financial statements are authorized for issue by the Board of Directors on April 9, 2019. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"David Terry" , Director

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

Blue Sky Uranium Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2018 $	2017 $
Expenses			
Accounting and audit		34,520	28,360
Corporate development and investor relations		761,418	697,178
Depreciation	3	3,277	3,575
Exploration	4	2,351,971	3,541,897
Management fees	6	169,100	145,100
Office and sundry	6	61,576	61,327
Professional fees	6	79,171	101,890
Rent, parking and storage		13,462	12,302
Salaries and employee benefits	6	180,270	124,000
Share-based compensation		802,798	45,315
Transfer agent and regulatory fees		75,375	41,380
Travel		33,406	35,075
Loss from operating activities		4,566,344	4,837,399
Foreign exchange loss (gain)		3,114	(36,605)
Gain on debt settlement		-	(8,400)
Interest income		(24,294)	(6,394)
Reversal of impairment of mineral property interests	4	-	(17,852)
Impairment of mineral property interests	4	-	32,702
Other items		(21,180)	(36,549)
Loss and comprehensive loss for the year		4,545,164	4,800,850
Basic and diluted loss per common share	7	0.05	0.08

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

Blue Sky Uranium Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2018 $	2017 $
Cash flows used in operating activities		
Loss for the year	(4,545,164)	(4,800,850)
Depreciation	3,277	3,575
Gain on debt settlement	-	(8,400)
Share-based compensation	802,798	45,315
Reversal of impairment of mineral property interests	-	(17,852)
Impairment of mineral property interests	-	32,702
	(3,739,089)	(4,745,510)
Change in non-cash working capital items:		
Decrease (increase) in accounts receivable	2,935	(8,962)
(Increase) in prepaid expenses	(30,021)	(15,050)
(Decrease) increase in accounts payable and accrued liabilities	(470,012)	441,330
(Decrease) in exploration advances	-	(44,855)
Net cash used in operating activities	(4,236,187)	(4,373,047)
Cash flow used in investing activities		
Expenditures on mineral property interests	(4,934)	(36,391)
Net cash used in investing activities	(4,934)	(36,391)
Cash flows from financing activities		
Issuance of common shares and warrants	4,938,622	1,128,613
Share issue costs	(146,785)	(29,636)
Warrants exercised	-	2,574,540
Net cash from financing activities	4,791,837	3,673,517
Net increase (decrease) in cash	550,716	(735,921)
Cash at beginning of year	742,363	1,478,284
Cash at end of year	1,293,079	742,363

SUPPLEMENTARY CASH FLOW INFORMATION (Note 11)

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

Blue Sky Uranium Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of Shares	Amount $	Contributed Surplus $	Equity Settled Share-based Payments $	Warrants $	Accumulated Deficit $	Total $
Balance at December 31, 2016	46,003,954	21,193,429	3,985,637	129,668	1,439,610	(25,252,756)	1,495,588
Private placements	5,940,064	817,650	-	-	310,963	-	1,128,613
Share issue costs	-	(44,467)	-	-	-	-	(44,467)
Agents' warrants granted	-	-	-	-	14,831	-	14,831
Stock options cancelled/expired	-	-	122,779	(122,779)	-	-	-
Share-based compensation	-	-	-	45,315	-	-	45,315
Warrants exercised	25,745,400	3,101,299	-	-	(526,759)	-	2,574,540
Warrants and agents' warrants expired	-	-	283,436	-	(283,436)	-	-
Return stock to treasury	(65,789)	-	-	-	-	-	-
Comprehensive loss for the year	-	-	-	-	-	(4,800,850)	(4,800,850)
Balance at December 31, 2017	77,623,629	25,067,911	4,391,852	52,204	955,209	(30,053,606)	413,570
Private placements	32,165,088	3,856,802	-	-	1,081,820	-	4,938,622
Share issue costs	-	(146,785)	-	-	-	-	(146,785)
Agent warrants granted	-	(48,303)	-	-	48,303	-	-
Share-based compensation	-	-	-	802,798	-	-	802,798
Stock options cancelled/expired	-	-	52,204	(52,204)	-	-	-
Warrants and agents' warrants expired	-	-	62,916	-	(62,916)	-	-
Comprehensive loss for the year	-	-	-	-	-	(4,545,164)	(4,545,164)
Balance at December 31, 2018	109,788,717	28,729,625	4,506,972	802,798	2,022,416	(34,598,770)	1,463,041

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated under the Business Corporation Act of British Columbia on November 30, 2005 as Mulligan Capital Corp. On May 18, 2006, the Company received final receipts for a prospectus and became a reporting issuer in British Columbia and Alberta. On June 27, 2006 the Company completed its initial public offering (the "Offering") and on June 28, 2006 the Company listed its common shares on the TSX Venture Exchange (the "TSX-V") as a capital pool company. On February 7, 2007, the Company completed its qualifying transaction (the "QT") and was upgraded to Tier II status on the TSX-V. The Company also changed its name to Blue Sky Uranium Corp. to reflect its business as a junior uranium exploration company. The address of the Company's registered office is Suite 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in Argentina. The Company's mineral property interests presently have no proven or probable reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable resources. Consequently, the Company considers itself to be an exploration stage company.

The amounts shown as mineral property interests represent acquisition costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral property interests is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to advance the properties beyond the exploration stage, and future profitability of the properties.

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to consolidated financial statements and to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has experienced recurring operating losses and has an accumulated deficit of $34,598,770 and shareholders' equity of $1,463,041 at December 31, 2018. In addition, the Company has working capital of $1,403,864 at December 31, 2018 and negative cash flow from operating activities of $4,236,187. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These factors create material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and commitments and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals. These audited consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities and reported expenses that might be necessary should the Company be unable to continue as a going concern, which could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Company's audited consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee, effective for the Company's reporting for the year ended December 31, 2018. These consolidated financial statements were approved by the Board of Directors of the Company on April 9, 2019.

The policies set out below were consistently applied to all of the periods, except for the application of IFRS 9 Financial Instruments ("IFRS 9").

Basis of preparation

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

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

	Place of Incorporation	Principal Activity
Blue Sky BVI Uranium Corp.	British Virgin Islands	Holding company
Minera Cielo Azul S.A. (Argentina)	Argentina	Exploration company
Desarrollo de Inversiones S.A. (Argentina)	Argentina	Exploration company
Viento de Oro S.A. de C.V. (Mexico)	Mexico	Exploration company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Foreign currencies

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is recorded at cost less accumulated depreciation calculated using the straight-line method over its estimated useful lives of two years for computer equipment. Depreciation of an asset begins once it is available for use.

Exploration, Evaluation and Development Expenditures

Exploration and evaluation expenditures are expensed as incurred, until the property reaches the development stage. The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Proceeds received for farm-out arrangements or recoveries of costs are credited against the cost of the related claims. The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount. Mineral property acquisition costs include cash costs and the fair market value of common shares issued, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company, and are recorded as mineral property acquisition costs upon payment. Mineral property interests are classified as intangible assets.

Cash and Cash Equivalents

Cash and cash equivalents are classified as loans and receivables and include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company places its deposits with financial institutions with high credit ratings.

Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the period.

In addition, at the end of each reporting period the Company reviews whether there is any indication that a previously recorded impairment should be reversed. If the recoverable amount of an asset is estimated to be greater than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the previous impairment loss is reversed in the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Valuation of equity units issued in private placements

The Company follows a pro rata allocation method with respect to the measurement of shares and warrants issued as private placement units. This values each component at fair value and allocates total proceeds received between shares and warrants based on the pro rata relative values of the components. The fair value of the common shares is based on the closing price on the issue date and the fair value of the common share purchase warrants is determined at the issue date using the Black-Scholes pricing model. The fair value attributed to the warrants is recorded in warrant reserve.

Share-based Payment Transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. 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 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 to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for stock options and warrants that have expired are transferred to contributed surplus. Charges for stock options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates. 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 amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss. The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date are minimal.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position 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 amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

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.

Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions 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 estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates

1. The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment or a reversal of previously recorded impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

Critical accounting judgments

i. Presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

ii. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

iii. The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

iv. The determination of our tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, we interpret tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. We also make estimates of future earnings which affect the extent to which potential future tax benefits may be used. We are subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

Changes in Accounting Standards

The Company adopted all of the requirements of IFRS 9 Financial Instruments on January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following is the Company's new accounting policy for financial instruments under IFRS 9:

i. Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Amounts receivable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor the opening balance of accumulated comprehensive income on January 1, 2018.

ii. Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of operations and comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive income (loss) in the period in which they arise.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iii. Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive income (loss).

The Company has also adopted these accounting standards effective January 1, 2018. The adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

IFRS 15 – *Revenue from Contracts with Customers*
IFRIC 22 – *Foreign Currency Transactions and Advance Consideration*
Amendments to IFRS 2 – *Share-based Payments*

New Accounting Standards and Interpretations

The International Accounting Standards Board (“IASB”) has issued new and amended standards and interpretations which have not yet been adopted by the Company. The following is a brief summary of the new and amended standards and interpretations:

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. EQUIPMENT

	Computer Equipment $	Total $
Cost		
Balance at December 31, 2016 and December 31, 2017	7,150	7,150
Additions	-	-
Balance at December 31, 2018	7,150	7,150
Accumulated Depreciation		
Balance at December 31, 2016	298	298
Depreciation	3,575	3,575
Balance at December 31, 2017	3,873	3,873
Depreciation	3,277	3,277
Balance at December 31, 2018	7,150	7,150
Carrying Amount		
At December 31, 2017	3,277	3,277
At December 31, 2018	-	-

4. MINERAL PROPERTY INTERESTS

The schedules below summarize the acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company holds title to and is continuing to explore as at December 31, 2018:

Acquisition Costs

	Argentina			
	Ivana $	**Regalo $**	**Sierra Colonia $**	**Total $**
Balance – December 31, 2016	-	-	32,702	32,702
Additions	11,391	25,000	-	36,391
Impairment	-	-	(32,702)	(32,702)
Reversal of impairment	17,852	-	-	17,852
Balance – December 31, 2017	29,243	25,000	-	54,243
Additions	4,934	-	-	4,934
Balance – December 31, 2018	34,177	25,000	-	59,177

Ivana Property

The Company owns a 100% interest in the 838 km^2 Ivana uranium property in the San Jorge Basin, Province of Rio Negro, located in the Northern Patagonia region of Argentina.

Regalo Property

The Company owns a 100% interest in the 233 km^2 Regalo property located northwest of the Cerro Solo Uranium District in the province of Chubut Argentina.

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. MINERAL PROPERTY INTERESTS (continued)

Exploration Expenditures

	Argentina				
	Amarillo Grande				
	Santa Barbara $	Anit $	Ivana $	Other $	Total $
Cumulative exploration costs December 31, 2017	1,615,817	4,439,237	6,141,918	919,142	13,116,114
Expenditures during the year:					
Assays	111	107	292,544	-	292,762
Drilling	35	34	281,752	-	281,821
Environmental engineering	490	471	17,202	-	18,163
Metallurgy and mineralogy	3,495	3,359	122,584	-	129,438
Office	1,815	3,284	93,679	2,649	101,427
Property maintenance payments	40,037	31,510	16,190	11,732	99,469
Resource modelling	-	150,668	-	-	150,668
Salaries and contractors	6,162	11,346	769,351	1,822	788,681
Social and community	604	581	21,188	-	22,373
Statutory taxes	5,821	22,086	202,375	1,774	232,056
Supplies and equipment	87	83	108,322	-	108,492
Travel	337	324	125,960	-	126,621
	58,994	223,853	2,051,147	17,977	2,351,971
Cumulative exploration costs December 31, 2018	1,674,811	4,663,090	8,193,065	937,119	15,468,085

	Argentina					
	Amarillo Grande					
	Santa Barbara $	Anit $	Ivana $	Sierra Colonia $	Other $	Total $
Cumulative exploration costs December 31, 2016	1,232,231	3,853,705	3,580,382	907,899	-	9,574,217
Expenditures during the year:						
Assays	200	62,696	170,412	-	-	233,308
Drilling	181,856	167,475	1,002,193	-	-	1,351,524
Geophysics	-	-	66,147	-	-	66,147
Office	11,500	17,546	72,695	-	4,235	105,976
Property maintenance payments	34,234	37,428	59,419	392	1,891	133,364
Resource modelling	-	4,558	-	-	-	4,558
Salaries and contractors	69,780	96,795	579,849	-	3,305	749,729
Social and community	1,748	2,648	12,321	-	-	16,717
Statutory taxes	46,075	70,333	307,685	63	1,287	425,443
Supplies and equipment	18,528	81,897	145,449	-	-	245,874
Travel	19,665	44,156	145,366	70	-	209,257
	383,586	585,532	2,561,536	525	10,718	3,541,897
Cumulative exploration costs December 31, 2017	1,615,817	4,439,237	6,141,918	908,424	10,718	13,116,114

5. SHARE CAPITAL AND RESERVES

Authorized Share Capital

The Company's authorized share capital comprises an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Details of Issues of Common Shares in 2018

On June 12, 2018, the Company closed a non-brokered private placement financing of 24,906,588 units at a price of $0.14 per unit for gross proceeds of $3,486,922. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.30 per share for two years from the date of issue, expiring on June 11, 2020. Finders' fees were paid of $132,260 cash and 944,709 non-transferable warrants exercisable into common shares at $0.30 for two years from the date of issue. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.89%; expected stock price volatility – 109.97%; dividend yield – 0%; and expected warrant life – 1.014 years.

On March 1, 2018, the Company closed a non-brokered private placement financing of 7,258,500 units at a price of $0.20 per unit for gross proceeds of $1,451,700. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.35 per share for two years from the date of issue, expiring on February 28, 2020. The Company is entitled to accelerate the expiry date of the warrants if the five-day volume weighted average stock price of the Company trades $0.75 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21st day after the date of delivery of the notice. Finders' fees were paid of $14,525 cash and 72,625 non-transferable warrants exercisable into common shares at $0.35 for two years from the date of issue subject to the accelerated exercise provisions as set out above. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.71%; expected stock price volatility – 112.85%; dividend yield – 0%; and expected warrant life – 0.98 years.

Details of Issues of Common Shares in 2017

On December 19, 2017, the Company closed a non-brokered private placement financing of 5,940,064 units at a price of $0.19 per unit for gross proceeds of $1,128,613. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.30 per share for one year from the date of issue, expiring on December 19, 2018. The Company is entitled to accelerate the expiry date of the warrants if the five-day volume weighted average stock price of the Company trades $0.50 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21st day after the date of delivery of the notice. Finders' fees were paid of $29,636 cash and 155,978 non-transferable warrants exercisable into common shares at $0.30 for one year from the date of issue subject to the accelerated exercise provisions as set out above. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.58%; expected stock price volatility – 115.30%; dividend yield – 0%; and expected warrant life – 0.96 years.

During the year ended December 31, 2017, 25,745,400 warrants were exercised for gross proceeds of $2,574,540.

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The Plan is based on the maximum number of eligible shares equaling a rolling percentage of 10% of the Company's outstanding common shares, calculated from time to time. If outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the Plan increase proportionately.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX Venture Exchange. Share purchase options granted generally vest immediately, are subject to a four-month hold period and are generally exercisable for a period of five years.

Options

The continuity of share purchase options for the year ended December 31, 2018 is as follows:

Expiry date	Exercise Price	December 31, 2017	Granted	Exercised	Expired/ Forfeited	December 31, 2018	Options Exercisable
November 17, 2018	$0.25	300,000	-	-	(300,000)	-	-
January 23, 2023	$0.30	-	4,520,000	-	-	4,520,000	4,520,000
		300,000	4,520,000	-	(300,000)	4,520,000	4,520,000
Weighted average exercise price ($)		0.25	0.30	-	0.25	0.30	0.30
Weighted average contractual remaining life (years)		0.9	4.1	-	-	4.1	4.1

The continuity of share purchase options for the year ended December 31, 2017 is as follows:

Expiry date	Exercise Price	December 31, 2016	Granted	Exercised	Expired/ Cancelled	December 31, 2017	Options Exercisable
September 24, 2017	$1.20	93,500	-	-	(93,500)	-	-
November 17, 2018	$0.25	300,000	-	-	-	300,000	300,000
March 9, 2020	$0.30	-	250,000	-	(250,000)	-	-
		393,500	250,000	-	(343,500)	300,000	300,000
Weighted average exercise price ($)		0.48	0.30	-	0.54	0.25	0.25
Weighted average contractual remaining life (years)		1.6	-	-	-	0.9	0.9

The weighted average fair value of share purchase options granted during the year ended December 31, 2018 is $0.18 (2017 - $0.13).

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Year ended December 31,	
	2018	2017
Risk-free interest rate	1.77%	0.84%
Expected option life in years	2.5	2.7
Expected share price volatility(1)	146%	181%
Grant date share price	$0.25	$0.30
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

(1) Expected volatility was estimated based on historical trading price.

Warrants

The continuity of warrants for the year ended December 31, 2018 is as follows:

Expiry date	Exercise Price	December 31, 2017	Granted	Exercised	Expired/ Cancelled	December 31, 2018
September 19, 2019	$0.50	4,322,352	-	-	(141,386)	4,180,966
December 19, 2020	$0.30	6,096,042	-	-	(155,978)	5,940,064
February 28, 2020	$0.35	-	7,331,125	-	-	7,331,125
June 11, 2020	$0.30	-	25,851,297	-	-	25,851,297
		10,418,394	33,182,422	-	(297,364)	43,303,452
Weighted average exercise price ($)		0.38	0.31	-	0.40	0.33

4,180,966 warrants that set to expire on September 19, 2018 were extended to September 19, 2019 during the year ended December 31, 2018. These warrants were originally issued on September 19, 2016 as part of the units issued under a private placement completed by the Company on September 19, 2016 and are also subject to an accelerator. The exercise price of the warrants remains at $0.50.

5,940,064 warrants that were set to expire on December 19, 2018 were extended to December 19, 2020 during the year ended December 31, 2018. These warrants were originally issued on December 19, 2017 as part of the units issued under a private placement completed by the Company on December 19, 2017 and are also subject to an accelerator. The exercise price of the warrants remains at $0.30.

The continuity of warrants for the year ended December 31, 2017 as follows:

Expiry date	Exercise Price	December 31, 2016	Granted	Exercised	Expired/ Cancelled	December 31, 2017
July 4, 2017	$0.10	38,057,500	-	(25,745,400)	(12,312,100)	-
September 19, 2018	$0.50	4,388,141	-	-	(65,789)	4,322,352
December 19, 2018	$0.30	-	6,096,042	-	-	6,096,042
		42,445,641	6,096,042	(25,745,400)	(12,377,889)	10,418,394
Weighted average exercise price ($)		0.14	0.30	0.10	0.10	0.38

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. RELATED PARTY BALANCES AND TRANSACTIONS

Grosso Group Management Ltd.

On April 1, 2010, the Company entered into a Management Services Agreement ("Agreement") with Grosso Group Management Ltd. (Grosso Group) to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expired on December 31, 2018 and was automatically renewed for a period of two years pursuant to the terms of the Agreement.

The Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of $750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of $1,000,000.

	Year ended December 31,	
	2018	2017
Transactions	$	$
Services rendered:		
Grosso Group Management Ltd.		
Management fees	169,100	145,100
Office & sundry	38,250	22,800
Total for services rendered	207,350	167,900

Key management personnel compensation

Key management personnel of the company are members of the Board of Directors, as well as the Executive Chairman, President and CEO, CFO and Vice President of Corporate Development.

			Year ended December 31,	
			2018	2017
Transactions			$	$
Share-based compensation			408,503	-
Consulting, salaries and professional fees to key management or their consulting corporations:				
Nikolaos Cacos	President/CEO/Director	Salaries and employee benefits	60,000	60,000
Darren Urquhart	CFO	Salaries and employee benefits	12,000	12,000
David Terry	Director/Consultant	Salaries and employee benefits	72,270	48,000
Joseph Grosso	Director/Consultant	Professional fees	50,000	50,000
Total for services rendered			602,773	170,000

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	Year ended December 31,	
Transactions	2018 $	2017 $
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp.(1)	13,694	17,507
Payable to Grosso Group Management Ltd.(2)	1,710	-
Payable to Nikolaos Cacos, President/CEO/Director	-	147
Payable to Oxbow International Marketing Ltd.(2)	1,274	1,561
Payable to Vinland Holdings Inc.(3)	-	4,200
Total shared costs included in accounts payable	16,678	23,415

(1) A company related through common directors that receives reimbursement for shared office costs and overhead.
(2) A company owned by Joseph Grosso of Blue Sky Uranium Corporation.
(3) A company owned by David Terry of Blue Sky Uranium Corporation.

7. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended December 31, 2018 and 2017 was based on the following:

	Year ended December 31,	
	2018	2017
Loss attributable to common shareholders ($)	4,545,164	4,800,850
Weighted average number of common shares outstanding	97,472,871	62,565,987

Diluted loss per share did not include the effect of 4,820,000 (December 31, 2017 – 300,000) share purchase options and 43,303,452 (December 31, 2017 – 10,418,394) common share purchase warrants as they are anti-dilutive.

8. OPERATING SEGMENTS

The Company is primarily involved in mineral exploration activities in Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the year ended December 31, 2018.

The Company's total non-current assets are segmented geographically as follows:

	December 31, 2018	
	Argentina $	Total $
Mineral property interests	59,177	59,177
	59,177	59,177

	December 31, 2017		
	Canada $	Argentina $	Total $
Mineral property interests	-	54,243	54,243
Equipment	3,277	-	3,277
	3,277	54,243	57,520

(Expressed in Canadian Dollars Unless Otherwise Noted)

9. INCOME TAXES

The recovery of income taxes shown in the consolidated statements of loss and comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2018	2017
	$	$
Loss before income taxes	(4,545,164)	(4,800,850)
Income tax recovery at statutory rate	(1,227,195)	(1,248,221)
Non-deductible differences	252,995	85,001
Rate differential and other	(54,894)	(302,740)
Effect of rate change	68,290	332,071
Foreign exchange movement	671,484	62,726
Non-capital loss expired	139,194	109,352
Unrecognized amounts	150,126	961,811
Income tax recovery	-	-
Statutory tax rate	27.00%	26.00%

Deferred income taxes reflect the net tax effects of differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	2018	2017
	$	$
Deferred income tax assets		
Resource deductions	1,752,000	1,885,000
Financing costs	39,000	12,000
Operating loss carryforwards	4,655,000	4,360,000
Property and equipment	12,000	11,000
	6,458,000	6,268,000
Net deferred income tax assets	6,458,000	6,268,000
Unrecognized deferred tax assets	(6,458,000)	(6,268,000)
Deferred income tax assets	-	-

(Expressed in Canadian Dollars Unless Otherwise Noted)

9. INCOME TAXES (continued)

As at December 31, 2018, the Company has Canadian non-capital loss carry forwards of approximately $17,176,570 that may be available for tax purposes. The Company's non-capital losses expire as follows:

Expiry Date	$
2026	132,000
2027	1,756,000
2028	1,960,000
2029	1,093,000
2030	2,139,000
2031	3,061,000
2032	1,844,000
2033	304,000
2034	723,000
2035	264,000
2036	549,000
2037	1,521,000
2038	1,830,000
	17,176,000

At December 31, 2018, the Company had net operating loss carry forwards for Argentinean income tax purposes of approximately $67,000 (2017 – $855,000) which, if not utilized to reduce Argentinean taxable income in future periods, expire through the year 2019. These available tax losses may only be applied to offset future taxable income from the Company's current Argentinean subsidiary. The Company also has available resource deductions in Argentina of approximately $3,390,000 (2017 – $3,928,000).

At December 31, 2018, the Company had net operating loss carry forwards for Mexican income tax purposes of approximately $139,025 (2017 – $139,025) which, if not utilized to reduce Mexican taxable income in future periods, expire through the year 2021. These available tax losses may only be applied to offset future taxable income from the Company's current Mexican subsidiary.

10. COMMITMENT

Management Services Agreement

Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current fee is $17,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

The table below represents the Company's aggregate commitment to Grosso Group over the term of the Management Services Agreement.

	1 Year $	2 Years $	3 Years $	4-5 Years $	More than 5 Years $
Management Services Agreement	204,000	408,000	-	-	-

(Expressed in Canadian Dollars Unless Otherwise Noted)

11. SUPPLEMENTARY CASH FLOW

	Year ended December 31,	
	2018	2017
	$	$
Non-cash investing and financing activities:		
Private placements – issuance of warrants	1,081,820	310,963
Share issue cost – issuance of warrants to agents	48,303	14,831
Stock options cancelled/expired	52,204	122,779
Warrants exercised	-	526,759
Warrants and agents' warrants expired	62,916	283,436

12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Fair Values

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments consist of cash, accounts receivable, exploration liabilities, and accounts payable and accrued liabilities. The recorded amounts for cash, amounts receivable, exploration liabilities, and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

(b) Financial Instrument Risk Exposure

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company has reduced its credit risk by depositing its cash and short-term investments with financial institutions that operate globally. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

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 help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and may require doing so again in the future. See Note 1 for further information.

Market risk

(i) Currency risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: cash, accounts receivable and accounts payable all denominated in United States dollars and Argentinean pesos. A 10% change in US dollar and the Argentinean peso exchange rates relative to Canadian dollar would have insignificant impact on the Company's net and comprehensive loss:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately $400.

- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately $1,900.

(ii) ***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The fair value of cash approximates its carrying value due to the immediate or short-term maturity of this financial instrument. Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing or have prescribed interest rates.

(c) Capital Management

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves and deficit. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to develop its mineral projects and may require doing so again in the future. The Company is monitoring market conditions to secure funding at the lowest cost of capital. The Company is exposed to various funding and market risks which could curtail its access to funds. The Company is not subject to any external covenants. There were no changes in the Company's approach to capital management during the year ended December 31, 2018.