CRYSTAL PEAK MINERALS INC.

CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

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April 19, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements (the õFinancial Statementsö) of Crystal Peak Minerals Inc. (the õCompanyö) are the responsibility of the Companyøs Board of Directors and management. These Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards (õIFRSö) as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the Financial Statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Companyøs circumstances. In the opinion of management, the Financial Statements have been prepared within acceptable limits of materiality and are consistent with IFRS appropriate in the circumstances.

Management has established processes that are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that: (i) the Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the Financial Statements; and (ii) the Financial Statements fairly present in all material respects the Companyøs financial condition, results of operations, and cash flows, as of the date of, and for the periods presented by, the Financial Statements.

The Board of Directors is responsible for reviewing and approving the Financial Statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, the Financial Statements, and the auditorsø report. The Audit Committee also reviews the Companyøs Management Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the Financial Statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the Financial Statements for issuance to the shareholders.

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

the /s/ John G. Mansanti	*the /s/ Blake Measom*
John G. Mansanti, CEO	Blake Measom, CFO

April 19, 2018

Independent Auditor's Report

To the Shareholders of
Crystal Peak Minerals Inc.

We have audited the accompanying consolidated financial statements of Crystal Peak Minerals Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Crystal Peak Minerals Inc. and its subsidiaries as at December 31, 2017 and December 31, 2016 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 1 to the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Crystal Peak Minerals Inc. and its subsidiaries' ability to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Crystal Peak Minerals Inc.
Consolidated Statements of Financial Position
As at December 31, 2017 and 2016
(Expressed in US Dollars)

As at		December 31, 2017		December 31, 2016
ASSETS				
Current				
Cash and cash equivalents	$	6,759,699	$	5,900,798
Receivables		15,511		26,864
Prepaid expenses		15,638		15,000
		6,790,848		5,942,662
Non-current				
Property, plant and equipment (Note 4)		113,216		142,470
Interest in mineral properties (Note 5)		62,129,048		53,816,347
Investment in associate (Note 6)		6,131,804		6,121,200
	$	**75,164,916**	**$**	**66,022,679**
LIABILITIES				
Current				
Trade and other payables (Note 7)	$	580,030	$	1,371,909
Interest payable (Note 8)		699,606		-
Convertible debt (Note 8)		11,602,985		-
Derivative liability, convertible debt (Note 8)		378,739		-
		13,261,360		1,371,909
Non-current				
Repurchase obligation (Note 8)		991,041		685,648
Provisions for environmental rehabilitation obligations (Note 9)		192,903		203,460
		14,445,304		2,261,017
SHAREHOLDER'S EQUITY				
Voting common shares (Note 10)		73,532,947		73,297,794
Non-voting common shares (Note 10)		801,043		906,574
Share purchase warrants (Note 10)		37,717		37,717
Contributed surplus		6,891,292		6,311,022
Accumulated deficit		(20,053,521)		(16,301,579)
Foreign currency translation reserve		(489,866)		(489,866)
		60,719,612		63,761,662
	$	**75,164,916**	**$**	**66,022,679**

These Financial Statements are authorized for issue by the Board of Directors on April 19, 2018, and signed on the Companyøs behalf by:

/s/ De Lyle Bloomquist	*/s/ Dan Basse*
De Lyle Bloomquist, Director	Dan Basse, Director

The accompanying notes are an integral part of these Financial Statements.

Crystal Peak Minerals Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2017 and 2016
(Expressed in US Dollars)

	Year Ended	
	December 31, 2017	December 31, 2016
EXPENSES (Note 14)		
General and administrative	$ 1,054,297	$ 846,063
Depreciation	4,352	5,763
Investor relations	323,514	175,516
Professional fees	780,012	604,793
Compensation related to resticted share units	518,705	-
Share-based compensation	72,447	249,725
	(2,753,327)	(1,881,860)
OTHER ITEMS		
Interest income	41,474	15,350
Change in fair value of derivative liability	211,830	-
Finance expenses (Note 11)	(1,198,553)	(442,752)
Share of net income of equity method investee attributable to CPM	10,604	12,456
Foreign exchange gain (loss) (Note 18)	(63,970)	450,183
Gain on disposal of asset	-	108
Net loss before income taxes	(3,751,942)	(1,846,515)
Income taxes (Note 12)	-	-
Net loss	$ (3,751,942)	$ (1,846,515)
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation adjustment	-	(560,977)
Comprehensive loss	$ (3,751,942)	$ (2,407,492)
Basic and diluted loss per share (Note 13)	$ (0.02)	$ (0.01)
Weighted average number of shares outstanding	196,388,341	176,965,127

The accompanying notes are an integral part of these Financial Statements.

Crystal Peak Minerals Inc.
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2017 and 2016
(Expressed in US Dollars)

	Voting common	Non-voting common	Share purchase warrants	Contributed surplus	Accumulated deficit	Foreign Currency Translation Reserve	Total shareholders' equity
Balance as at January 1, 2017	**$ 73,297,794**	**$ 906,574**	**$ 37,717**	**$ 6,311,022**	**$ (16,301,579)**	**$ (489,866)**	**$ 63,761,662**
Net loss for the year ended December 31 , 2017	-	-	-	-	(3,751,942)	-	(3,751,942)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(3,751,942)**	**-**	**(3,751,942)**
Share-based compensation	-	-	-	97,911	-	-	97,911
Compensation related to restricted share units	-	-	-	518,705	-	-	518,705
Share conversion	105,531	(105,531)	-	-	-	-	-
Share options exercised	129,622	-	-	(36,346)	-	-	93,276
Balance as at December 31, 2017	**$ 73,532,947**	**$ 801,043**	**$ 37,717**	**$ 6,891,292**	**$ (20,053,521)**	**$ (489,866)**	**$ 60,719,612**
Balance as at January 1, 2016	**$ 56,956,533**	**$ 906,574**	**$ 1,265,898**	**$ 6,004,673**	**$ (14,455,064)**	**$ 71,111**	**$ 50,749,725**
Foreign currency translation adjustment	-	-	-	-	-	(560,977)	(560,977)
Net loss for the year ended December 31, 2016	-	-	-	-	(1,846,515)	-	(1,846,515)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(1,846,515)**	**(560,977)**	**$ (2,407,492)**
Share-based compensation	-	-	-	269,148	-	-	269,148
Equity issued pursuant to private placement	4,090,537	-	-	-	-	-	4,090,537
Equity issued pursuant to warrants exercised	12,814,475	-	(1,269,669)	-	-	-	11,544,806
Share issue costs	(563,751)	-	78,689	-	-	-	(485,062)
Expiry of warrants	-	-	(37,201)	37,201	-	-	-
Balance as at December 31 2016	**$ 73,297,794**	**$ 906,574**	**$ 37,717**	**$ 6,311,022**	**$ (16,301,579)**	**$ (489,866)**	**$ 63,761,662**

The accompanying notes are an integral part of these Financial Statements

Crystal Peak Minerals Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016
(Expressed in US Dollars)

	Year Ended	
	December 31, 2017	December 31, 2016
OPERATING ACTIVITIES		
Net loss before income taxes	$ (3,751,942)	$ (1,846,515)
Adjustments for:		
Depreciation	4,352	5,763
Share-based compensation	72,447	249,725
Compensation related to restricted share units	518,705	-
Accretion expense	498,947	305,418
Change in fair value of derivative liability	(211,830)	-
Share of net income of equity method investee	(10,604)	(12,456)
Gain on disposal of asset	-	(108)
Net currency translation adjustment	-	(360,192)
Changes in working capital:		
Receivables	11,353	(3,320)
Prepaid expenses	(638)	5,450
Trade and other payables	(192,529)	108,024
Interest payable	699,606	137,334
Operating cash flows before interest and income taxes	(2,362,133)	(1,410,877)
Interest paid	-	(567,141)
Net cash used in operating activities	(2,362,133)	(1,978,018)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(2,141)	(24,438)
Proceeds from disposal of asset	-	300
Additions to mineral properties	(8,870,101)	(6,344,908)
Net cash used in investing activities	(8,872,242)	(6,369,046)
FINANCING ACTIVITIES		
Proceeds from convertible debt (Note 8)	12,000,000	-
Proceeds from private placement (Note 10)	-	4,090,537
Proceeds from exercise of warrants (Note 10)	-	11,544,806
Proceeds from exercise of share options	93,276	-
Repayment of borrowings	-	(3,200,000)
Share issue costs	-	(485,062)
Net cash provided by financing activities	12,093,276	11,950,281
Net change in cash and cash equivalents	858,901	3,603,217
Effect of exchange rate changes in foreign cash	-	(268,976)
Cash and cash equivalents, beginning of period	5,900,798	2,566,557
Cash and cash equivalents, end of period	**$ 6,759,699**	**$ 5,900,798**

The accompanying notes are an integral part of these Financial Statements.

Note 1. Nature of Operations and Going Concern

Crystal Peak Minerals Inc. (õCPMö or the õCompanyö) is a public company listed on the TSX Venture Exchange. CPMøs common shares trade on the TSX Venture Exchange under the symbol õCPMö. CPMøs common shares also trade on the OTCQX International under the symbol õCPMMFö. CPM is domiciled in the Yukon Territory, Canada, and the address of its registered office is 200 ó 204 Lambert Street, Whitehorse, Yukon Territory, Y1A 3T2.

CPM, together with its subsidiary, operates an exploration-stage entity focused on the development, construction and operation of a potassium sulfate (õSOPö) project on the Sevier Playa in southwestern Utah (the õSevier Playa Projectö). During 2016 and most of 2017 CPM was engaged in engineering, permitting, and financing activities on its Sevier Playa Project with the objective of providing a feasibility study and reserve estimates in accordance with the standards of Canadian National Instrument 43-101, *Standards of Disclosure for Mineral Projects*. CPM completed a preliminary feasibility study (the õPFSö) on the Sevier Playa Project in November 2013. Although a PFS was completed, no claim for mineral reserves was made at that time. The Company completed work on a definitive feasibility study (the õFSö) in December 2017, the results of which were published on February 21, 2018 (see Note 19).

These consolidated financial statements (the õFinancial Statementsö) are prepared using International Financial Reporting Standards (õIFRSö) applicable to a going concern. These standards assume CPM will be able to continue to operate for the foreseeable future, realize its assets, and settle its liabilities in the normal course of operations. The use of these principles may ultimately be inappropriate since there are material uncertainties that may cast significant doubt about CPMøs ability to continue as a going concern given its history of losses, accumulated deficit, limited operating history in the fertilizer sector, and dependence upon future financing. CPMøs future is currently dependent upon its ability to obtain sufficient cash from external financing and related parties in order to fund its liabilities, ongoing permitting work, and ultimate project development and construction. Management continues to pursue financing alternatives in connection with the evaluation and development of the Sevier Playa Project. Although CPM has been successful in raising funds in prior reporting periods, there can be no assurance that the steps management is taking, and will continue to take, will be successful in future reporting periods. If the going concern basis were not appropriate, material adjustments may be necessary in the carrying amounts and/or classification of assets and liabilities and losses reported in these Financial Statements.

Note 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all periods presented.

Basis of Preparation

These Financial Statements have been prepared in compliance with IFRS as issued by the International Accounting Standards Board (õIASBö) and with interpretations of the International Financial Reporting Interpretations Committee (õIFRICö) which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting. Further, the Financial Statements have been prepared, primarily, under the historical cost convention.

These Financial Statements include the Companyøs accounts and those of its wholly-owned subsidiary, Peak Minerals Canada Limited (õPeak Minerals Canadaö). Peak Minerals Canadaøs accounts include those of its wholly-owned United States (U.S.) subsidiary, Peak Minerals Inc. (õPeak Mineralsö). All intercompany accounts and transactions have been eliminated on consolidation. All amounts, unless specifically indicated otherwise, are presented in U.S. dollars.

Effective October 1, 2017, the Company completed an amalgamation (the õAmalgamationö) of its wholly-owned subsidiary Peak Minerals Canada to reduce internal administration costs and financial reporting costs. Peak Minerals Canada did not have any outstanding liabilities or obligations at the time of the Amalgamation and the Amalgamation did not have any significant effect on the business and operations of the Company.

As a result of the Amalgamation, Peak Minerals became a direct, wholly-owned subsidiary of the Company.

These Financial Statements were authorized for issuance on April 19, 2018 by the Board of Directors.

New Standards and Interpretations Not Yet Adopted

The following standards are effective for annual periods beginning on or after January 1, 2018, and has not yet been applied in preparing these Financial Statements:

IFRS 15, Revenue from Contracts with Customers (õIFRS 15ö) was issued in May 2014 and specifies the principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard provides a single five step model to be applied to all contracts with customers. In April 2016 the standard was amended to clarify identification of performance obligations, principal versus agent considerations and licensing, and to provide some transition relief for modified contracts and completed contracts. This standard becomes effective for annual periods beginning on or after January 1, 2018; however, since the Company does not have revenues, adoption of the standard will not have a material impact on the Financial Statements.

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, bringing together the classification and measurement, impairment and hedge accounting phases of the IASBøs project to replace International Accounting Standard (IAS) 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7, *Financial Instruments: Disclosures*, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. Managementøs assessment is that classification of financial instruments under the new standard will be similar to current classification and will not have a material impact. Further, no material changes are expected as a result of the new impairment model, and the Company does not currently engage in any hedging activity and is therefore not affected by the new hedge accounting guidance. Financial liabilities will continue to be measured at amortized cost.

On January 13, 2016, the IASB issued IFRS 16 which supersedes existing standards and interpretations under IAS 17, Leases. IFRS 16 requires all leases, including financing and operating leases, to be reported on a companyøs balance sheet. The new standard will provide greater transparency on a companyøs lease assets and liabilities. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is currently assessing the impact of adopting IFRS 16 on the Financial Statements.

IFRS 2 will be amended to address (i) certain issues related to the accounting for cash settled awards, and (ii) the accounting for equity settled awards that include a õnet settlementö feature in respect of employee withholding taxes. IFRS 2 is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of adopting IFRS 2 on the Financial Statements.

Consolidation

<u>Subsidiaries</u>

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it 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.

<u>Associates</u>

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Segment Reporting

The Company currently has only one operating segment as the Companyøs operating results are reviewed on a consolidated basis. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer.

Foreign Currency Translation

Presentation and Functional Currency

These Financial Statements are presented in U.S. dollars. The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. Prior to January 1, 2017, the functional currency for the Company and for Peak Minerals Canada was the Canadian dollar and the functional currency for Peak Minerals was the U.S. dollar.

In January 2017, the Company completed an analysis of its functional currency in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*. Based on this analysis the Company concluded that its business has changed since its prior analysis. The majority of the Companyøs costs are incurred in U.S. dollars and future sales revenues will be in U.S. dollars. In addition, beginning with the convertible debt agreement with EMR in June 2017 (See Note 8) future financing activities will be transacted in U.S. dollars. . Accordingly, the Company changed its functional currency from the Canadian dollar to the U.S. dollar effective January 1, 2017.

Transactions and Balances

Transactions that occur in a foreign currency are translated and recorded into the functional currency (U.S. dollar) using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses that result from the settlement of transactions and the translation of monetary assets and liabilities are recognized in the Consolidated Statement of Loss. For reporting purposes, monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rate as at the date of the Consolidated Statement of Financial Position. Nonmonetary items are not retranslated as at the date of the Consolidated Statement of Financial Position, but remain translated at historical cost using the exchange rate as at the date of the original transaction.

Translation of Foreign Operations

In accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, Company entities and operations whose functional currencies differ from the presentation currency are translated into presentation currency (U.S. dollars) as follows:

- assets and liabilities are translated at the closing rate as at the date of the Consolidated Statement of Financial Position;
- income and expenses are translated at the average rate of exchange for the reporting period;
- translation gains are recognized in consolidated other comprehensive income and are accumulated in the translation reserve within equity; and
- upon disposal of a foreign subsidiary, the cumulative amount of the exchange differences relating to that foreign subsidiary, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit and loss (as a reclassification adjustment) when the gain or loss on disposal is recognized.

Cash and Cash Equivalents

The Company considers cash and cash equivalents to include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The costs of property, plant, and equipment are composed of purchase price plus all costs directly attributable to bringing the assets to the location and condition necessary for their intended operation. Property, plant, and equipment are depreciated to their estimated residual value over their useful lives, beginning in the month following completion of the capital spending on a project or the month following the time when the assets become available for use.

The Company depreciates its property, plant, and equipment on a straight-line basis as follows:

Computers and equipment	2-5 years
Furniture and fixtures	2-5 years
Project equipment	2-5 years
Buildings	35 years

Interest in Mineral Properties

All costs related to the acquisition, exploration, evaluation, and development of mineral properties are capitalized by property where there is an expectation that the costs will be recovered. These costs are capitalized until the beginning of commercial production and will be subsequently amortized on a unit-of-production basis over the total reserves or will be written down to the recoverable amount if exploration and evaluation activities prove unsuccessful, if the mineral property is abandoned, or if the costs are no longer recoverable.

These capitalized activities include:

- acquisition of property rights or rights to explore, including all ongoing ownership costs;
- researching and analyzing historical exploration and evaluation data;
- gathering exploration data through topographical, geochemical, and geophysical studies;
- exploratory drilling, trenching, and sampling;
- determining and examining the volume and grade of the resources;
- surveying transportation and infrastructure requirements;
- field operations and expenditures;
- project permitting;
- deprecation on certain project related equipment, and assets;
- share based compensation;
- borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset;
- environmental rehabilitation obligations; and
- activities involved in evaluating the technical and commercial feasibility of extracting mineral resources, including the costs incurred in determining the most appropriate mining and processing methods.

Impairment of Non-financial Assets

Assets that are subject to depreciation and/or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Interests in mineral properties are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of the assetøs fair value less any costs of disposal and its value in use. For the purposes of assessing

impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) which is the Company as a whole. Impairment losses are recognized in the Consolidated Statement of Loss.

An impairment loss is reversed if there is an indication that the impairment no longer exists or may have decreased. Such a reversal is limited to an amount not higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

Investment in Associate

Associates represent investments in entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting whereby the investment is initially recognized in the Consolidated Statement of Financial Position at cost and subsequently adjusted for the Companyøs share of an associateøs profit or loss less any impairment in the value of the investment. The investmentøs carrying value is increased or decreased by the Companyøs proportionate share of the profit or loss of the associate and decreased by all dividends received by the Company from the associate. The Companyøs share of profit or loss of an associate is recognized in the Consolidated Statement of Loss and its share of other comprehensive income of an associate is included in other comprehensive income. Losses in excess of the Companyøs interest in an associate are recognized only to the extent that the Company has incurred legal or constructive obligations on behalf of the associate.

Financial Assets

<u>Classification</u>

Financial assets are classified into one of the following categories: at fair value through profit and loss; loans and receivables; and, available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise they are classified as non-current. The Company has no financial assets classified in this category.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Companyøs loans and receivables comprise ÷cash and cash equivalentsø in the balance sheet.

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Company currently has no financial assets classified in this category.

<u>Recognition and Measurement</u>

Regular purchases and sales of financial assets are recognized on the trade date ó the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the Consolidated Statement of Loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the ÷financial assets at fair value through profit or lossø category are presented in the Consolidated Statement of Loss within ÷other itemsø in the period in which they arise. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the Consolidated Statement of Loss.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the Consolidated Statement of Loss as part of finance income. Dividends on available-for-sale equity instruments are recognized in the Consolidated Statement of Loss as part of other income when the Companyøs right to receive payments is established.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of the Companyøs default, insolvency or bankruptcy.

Impairment of Financial Assets

At each reporting date, the carrying amounts of the Companyøs financial assets are reviewed for impairment when there is objective evidence of impairment. For debt securities, objective evidence may include a debtor experiencing significant financial difficulty, default, or delinquency in payments and when observable data indicate that there is a measurable decrease in the estimated future cash flows. For equity securities, objective evidence may include a significant or prolonged decline in the fair value of the security below its cost. If such evidence exists, the Company recognizes an impairment loss as follows:

- Financial assets carried at amortized cost ó the impairment loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrumentøs original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

- Available-for-sale financial assets ó the impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the Consolidated Statement of Loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to net loss.

Impairment losses on financial instruments carried at amortized cost can be reversed if the impairment loss decreases and that decrease can be related objectively to an event occurring after the impairment loss was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

The Company reviews its investment in associate for impairment whenever events or changes in circumstances indicate that the recoverable amount (higher of value in use and fair value less costs of disposal) may be lower than the carrying amount of the investment. In determining the value in use of the investment, the Company estimates:

- its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

- the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Financial Liabilities

Classification

Financial liabilities are classified into one of the following categories: at fair value through profit and loss; and, other financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if incurred principally for the purpose of repurchasing in the short term. Liabilities in this category are classified as current liabilities if expected to be settled within 12 months; otherwise they are classified as non-current. The Company currently has no financial liabilities classified in this category.

Other financial liabilities at amortized cost are non-derivative financial liabilities not classified as held for trading. They are included in current liabilities, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current liabilities. The Companyøs other financial liabilities comprise ÷trade payablesø and ÷borrowingsø in the balance sheet.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost with the difference between the proceeds (net of transaction costs) and the redemption value being recognized in the Consolidated Statement of Loss over the term of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Compound Financial Instruments

Compound financial instruments issued by the Company comprise borrowings that have both a liability and equity component, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at fair value. The equity component is recognized as the difference between the proceeds received from the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Convertible Debt

On June 29, 2017, CPM entered into a convertible loan agreement (the õLoan Agreementö) with EMR Capital Investment (No. 5B) Pte. Ltd., an affiliate of EMR Capital Resources Fund 1, LP (õEMRö), its largest shareholder, pursuant to which EMR lent CPM $12,000,000 (the õLoanö).

The conversion feature of the Loan meets the definition of a derivative liability instrument because the conversion feature is denominated in a currency other than the Companyøs U.S. dollar functional currency, thus making the number of shares in a conversion scenario variable. Accordingly, the conversion feature does not meet the õfixed-for-fixedö criteria outlined in IAS 32. As a result, the conversion feature of the Loan is required to be recorded as a derivative liability recorded at fair value and marked to market each period, with the changes in fair value each period being reflected on the statement of loss.

The Loan Agreement has an embedded derivative in relation to a voluntary prepayment option at no penalty. As the options exercise price is approximately equal on each exercise date to the amortized cost of the host debt instrument it is considered to be closely related to the host debt contract and has not been bifurcated and recorded separately as another derivative.

The Loan was separated into a convertible loan component and a derivative liability for the conversion option, both of which were initially recorded at fair value. The convertible loan is classified as other financial liabilities and measured at amortized cost using the effective interest method.

Repurchase Obligation

As part of the May 2, 2014 financing transaction (See Note 8), the Company agreed to pay the lenders a production fee based on future production of SOP; however, the production fee agreement may be repurchased by the Company at any time for a specified amount based on the timing of repayment of the loan.

The Company intends to repurchase the production fee agreement in the second half of 2019 (see Note 8). Because (a) the Company has a present obligation as a result of past events, (b) it is probable that an outflow of resources will be required to settle the obligation, and (c) the amount can be reliably estimated, the Company has recorded a repurchase obligation for the production fee repurchase agreement.

The repurchase agreement is an embedded derivative in this financing transaction that was not closely related to the host debt contract (which was repaid in 2016) and is being accounted for at fair value measured at the present value of the expenditure expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increases in the repurchase obligation due to the passage of time and changes in estimated amount and timing of the buyout obligation are recognized as finance expenses.

Environmental Rehabilitation Obligations

Environmental rehabilitation obligations arise from the exploration, evaluation, development, construction, and normal operation of mining property, plant, and equipment as mining activities are subject to various laws and regulations governing the protection of the environment. Generally, these laws and regulations are continually changing, and management has made, and intends to continue to make, expenditures to comply with such laws and regulations.

The Company records the estimated present value of rehabilitation obligations in the year in which they are incurred. A corresponding increase to the carrying amount of the related asset is recorded and depreciated over the life of the asset. The liability is reviewed and adjusted each period for changes in the discount rates and in the estimate of the amount, timing, and cost of the rehabilitation work to be carried out. Changes in the resulting liability are adjusted against the carrying amount of the related asset.

Share-based Compensation

The Company operates an equity-settled, share-based compensation plan, under which the Company receives services from employees, officers, directors, and consultants as consideration for equity options. The fair value of common share options granted is recognized as a share-based compensation expense or capitalized to the mineral property for employees dedicated to the exploration, evaluation, and development of mineral properties, with a corresponding increase in contributed surplus. The fair value is measured using the Black-Scholes option-pricing model as at the grant date and is recognized over the vesting period using a graded (accelerated) amortization schedule. At each financial reporting date, the share-based compensation expense is adjusted to reflect the actual number of common share options that are expected to vest.

Upon exercise of a common share option, the consideration received is credited to share capital along with the contributed surplus previously recognized.

Restricted Share Units (RSU)

In June 2017, CPM adopted a restricted share unit plan (the õRSU Planö). Under the RSU Plan, selected participants are granted RSUs, where each RSU represents the right to receive one CPM common share upon expiration of an applicable restricted period (vesting). RSUs are measured at fair value on the grant date and are adjusted for changes in fair value upon vesting. RSU compensation expense is recognized on a straight-line basis over the vesting period, with a corresponding charge to contributed surplus. Compensation expense for RSUs incorporates an estimate for expected forfeiture rates based on historical forfeitures.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the Consolidated Statement of Loss except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the income tax is also recognized directly in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of prior years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill in jurisdictions that do not allow the deduction of goodwill for tax purposes; and deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities within the Consolidated Statement of Financial Position.

Comprehensive Loss

Comprehensive loss, composed of net loss and other comprehensive loss, is defined as the change in shareholdersøequity from transactions and other events from non-owner sources and includes such things as cumulative foreign translation adjustments. The components of comprehensive loss are disclosed in the Consolidated Statement of Comprehensive Loss. Cumulative

changes in other comprehensive loss are included in accumulated other comprehensive loss within equity attributable to the Companyøs owners. Foreign translation adjustments are accumulated within the translation reserve.

Basic and Diluted Loss per Share

Basic earnings per common share is calculated by dividing the net earnings from operations by the weighted-average number of common shares outstanding for the period. Diluted per-share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. In a loss-making year, potentially dilutive common shares are excluded from the loss per-share calculation as the effect would be antidilutive.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to expense over the period of the lease.

Note 3. Critical Accounting Estimates and Judgments

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Financial Statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Significant estimates and judgments made by management relate to the following:

Impairments

The determination of asset impairment indicators for property, plant, and equipment, mineral properties, and investments requires judgment regarding variables such as expected future cash flows and reasonable discount rates. The determination of the commercial viability and economic recoverability of the Companyøs mineral property interests and evaluation and exploration costs requires judgment based on current and expected data as well as expectations of future events that are believed to be reasonable under the circumstances.

The Companyøs impairment analysis for its investment in mineral property on the Sevier Playa Project was based on significant estimates and judgments as contained in the Feasibility Study (the õFSö). The FS, which investigated both technical and economic aspects of the Sevier Playa Project, established important estimates and assumptions for annual production rates, mine life, capital and operating costs, product pricing, and effective tax rates. Actual annual production rates, mine life, capital and operating costs, product pricing, and effective tax rates may differ from those contained in the FS and estimated by management, thereby affecting the value of the Sevier Playa Project.

Environmental Rehabilitation Obligations

The determination of provisions for environmental rehabilitation and reclamation obligations arising from the Companyøs exploration, evaluation, development, construction, and operating activities requires the use of estimates and management judgment. Future rehabilitation costs in relation to changes in estimates are accrued based on managementøs best estimate at the end of each period of the discounted cash costs expected to be incurred. Accounting for rehabilitation obligations requires management to make estimates of the future costs the Company will incur to complete the rehabilitation work required to comply with existing laws and regulations. These estimates are dependent upon labor and materials costs, known environmental impacts, the effectiveness of rehabilitation measures, inflation rates, and pre-tax interest rates that reflect a current market assessment of time value of money and the risk specific to the obligation. The Company also estimates the timing of the outlays, which is subject to change depending on continued exploitation and newly discovered mineral resources.

Actual rehabilitation costs incurred may differ from those amounts estimated by management. Moreover, future changes to environmental laws and regulations could increase the extent of rehabilitation work required to be performed by the Company, therefore increasing future costs.

Valuation of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and makes assumptions that are based on market conditions (see notes 8 and 18).

Note 4. Property Plant, and Equipment

The property, plant, and equipment balance consists of:

	Computers & Equipment	Furniture & Fixtures	Project Equipment	Buildings	Total
As at January 1, 2016					
Cost	$ 31,671	$ 20,091	$ 352,128	$ 98,187	$ 502,077
Accumulated depreciation	(28,253)	(17,872)	(250,109)	(12,113)	(308,347)
Net book amount	**$ 3,418**	**$ 2,219**	**$ 102,019**	**$ 86,074**	**$ 193,730**
Year ended December 31, 2016					
Opening net book amount	$ 3,418	$ 2,219	$ 102,019	$ 86,074	$ 193,730
Additions	4,050	10,694	9,694	-	24,438
Disposals	(192)	-	-	-	(192)
Depreciation	(2,490)	(3,272)	(66,939)	(2,805)	(75,506)
Closing net book amount	**$ 4,786**	**$ 9,641**	**$ 44,774**	**$ 83,269**	**$ 142,470**
As at December 31, 2016					
Cost	$ 35,529	$ 30,785	$ 361,822	$ 98,187	$ 526,323
Accumulated depreciation	(30,743)	(21,144)	(317,048)	(14,918)	(383,853)
Net book amount	**$ 4,786**	**$ 9,641**	**$ 44,774**	**$ 83,269**	**$ 142,470**

	Computers & Equipment	Furniture & Fixtures	Project Equipment	Buildings	Total
As at January 1, 2017					
Cost	$ 35,529	$ 30,785	$ 361,822	$ 98,187	$ 526,323
Accumulated depreciation	(30,743)	(21,144)	(317,048)	(14,918)	(383,853)
Net book amount	**$ 4,786**	**$ 9,641**	**$ 44,774**	**$ 83,269**	**$ 142,470**
Year ended December 31, 2017					
Opening net book amount	$ 4,786	$ 9,641	$ 44,774	$ 83,269	$ 142,470
Additions	2,141	-	-	-	2,141
Depreciation	(2,193)	(2,159)	(24,238)	(2,805)	(31,395)
Closing net book amount	**$ 4,734**	**$ 7,482**	**$ 20,536**	**$ 80,464**	**$ 113,216**
As at December 31, 2017					
Cost	$ 37,670	$ 30,785	$ 361,822	$ 98,187	$ 528,464
Accumulated depreciation	(32,936)	(23,303)	(341,286)	(17,723)	(415,248)
Net book amount	**$ 4,734**	**$ 7,482**	**$ 20,536**	**$ 80,464**	**$ 113,216**

During the year ended December 31, 2017, the Company recognized depreciation expense of $31,395 (year ended December 31, 2016, $75,506), of which $4,352 (year ended December 31, 2016, $5,763) was recognized as expense in the Consolidated Statement of Loss and $27,043 (year ended December 31, 2016, $69,743) was capitalized in interest in mineral properties.

Note 5. Interest in Mineral Properties

The interest in mineral properties balance consists of:

	Acquisition costs	Planning and design	Field operations and expenses	Legal costs and environmental obligations	Technical reports and permitting activities	Total
As at January 1, 2016						
Cost	$ 22,812,227	$ 656,302	$ 10,046,222	$ 1,197,517	$ 12,161,951	$ 46,874,219
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	**22,812,227**	**656,302**	**10,046,222**	**1,197,517**	**12,161,951**	**46,874,219**
Year ended December 31, 2016						
Opening net book amount	22,812,227	656,302	10,046,222	1,197,517	12,161,951	46,874,219
Additions	503,137	2,499	1,067,095	101,266	5,259,217	6,933,214
Exchange differences	8,914	-	-	-	-	8,914
Closing net book amount	**23,324,278**	**658,801**	**11,113,317**	**1,298,783**	**17,421,168**	**53,816,347**
As at December 31, 2016						
Cost	23,324,278	658,801	11,113,317	1,298,783	17,421,168	53,816,347
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	**$ 23,324,278**	**$ 658,801**	**$ 11,113,317**	**$ 1,298,783**	**$ 17,421,168**	**$ 53,816,347**
As at January 1, 2017						
Cost	$ 23,324,278	$ 658,801	$ 11,113,317	$ 1,298,783	$ 17,421,168	$ 53,816,347
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	**23,324,278**	**658,801**	**11,113,317**	**1,298,783**	**17,421,168**	**53,816,347**
Year ended December 31, 2017						
Opening net book amount	23,324,278	658,801	11,113,317	1,298,783	17,421,168	53,816,347
Additions	326,869	2,113	838,309	92,050	7,053,360	8,312,701
Closing net book amount	**23,651,147**	**660,914**	**11,951,626**	**1,390,833**	**24,474,528**	**62,129,048**
As at December 31, 2017						
Cost	23,651,147	660,914	11,951,626	1,390,833	24,474,528	62,129,048
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	**$ 23,651,147**	**$ 660,914**	**$ 11,951,626**	**$ 1,390,833**	**$ 24,474,528**	**$ 62,129,048**

Note 6. Investment in Associate

In 2011, Peak Minerals acquired a 40% interest in Emerald Peak Minerals, LLC (õEmerald Peakö) by contributing to equity certain Emerald Peak notes it held. Emerald Peak is a privately held company and is domiciled in Utah, U.S. Lance DøAmbrosio, the Companyøs former Chief Executive Officer and a former director, and the estate of Jeff Gentry (a former director), own the remaining 60% of Emerald Peak. The Companyøs investment in Emerald Peak is accounted for using the equity method. On April 18, 2011, Peak Minerals entered into an agreement (the õCommercial Agreementö) with Emerald Peak, whereby both parties agreed to commit the acreage associated with the Emerald Peak state leases to development and operation by Peak Minerals. Emerald Peak will make no payments for the development of these state leases and will receive no net revenues from the production from these state leases ó all revenues and costs incurred under the Commercial Agreement will be for the benefit of Peak Minerals. The contract commits Peak Minerals to pay Emerald Peak the greater of $40,000 per year or a 7.5% overriding royalty on all SOP production allocated to the state leases and stipulates that Peak Minerals will be the designated unit operator upon the approval of a unitization agreement between Emerald Peak, Peak Minerals, a third party, LUMA Minerals, LLC, (õLUMAö Note 16), the U.S. Bureau of Land Management (õBLMö), and the Utah State Institutional Trust Lands Administration (õSITLAö).

The Companyøs share of net income from Emerald Peak Minerals is summarized below:

Investment as at January 1, 2016	**$**	**6,108,069**
Share of net income		12,456
Effects of foreign currency translation		675
Investment as at December 31, 2016	**$**	**6,121,200**
Share of net income		10,604
Investment as at December 31, 2017	**$**	**6,131,804**

Emerald Peakøs summarized balance sheet as at December 31, 2017, and December 31, 2016, is included below:

As at		**December 31, 2017**		**December 31, 2016**
Current				
Cash and cash equivalents	$	11,638	$	10,771
Total current assets		11,638		10,771
Trade and other payables		-		-
Total current liabilities		-		-
Non-current				
Interest in mineral properties		1,317,418		1,291,775
Net assets		1,329,056		1,302,546
Crystal Peak Minerals Ownership interest (40%)		531,622		521,018
Fair value increment on acquisition of interest, net of foreign currency effects		5,600,182		5,600,182
Carrying value of investment	**$**	**6,131,804**	**$**	**6,121,200**

Emerald Peakøs summarized income for the years ended December 31, 2017 and December 31, 2016, is included below:

	Year Ended			
		December 31, 2017		**December 31, 2016**
Revenue	$	40,000	$	40,000
Profit from operations		26,510		31,139
Total income	**$**	**26,510**	**$**	**31,139**

Note 7. Trade and Other Payables

Trade and other payables consist of:

As at		December 31, 2017		December 31, 2016
Trade payables	$	500,820	$	1,125,337
Social security and other taxes payable		14,889		16,388
Accrued expenses		64,246		230,184
	$	579,955	$	1,371,909

Note 8. Borrowings and Related Financial Liabilities

Borrowings and related financial liabilities consist of:

As at		December 31, 2017		December 31, 2016
Repurchase obligation	$	991,041	$	685,648
Convertible debt		11,602,985		-
Derivative liability, convertible debt		378,739		-
Total	**$**	**12,972,765**	**$**	**685,648**

Repurchase Obligation

On May 2, 2014, CPM entered into a secured credit agreement with Extract Advisors, LLC and its affiliate, Extract Capital LP (together õExtractö), for a $2,500,000 loan (the õExtract Loanö). The Extract Loan had a term of 60 months, with 95% of the outstanding principal and interest coming due on May 2, 2016. The Extract Loan was repaid in May 2016, and the security was released. In conjunction with the Extract Loan, CPM issued Extract 1,500,000 common shares and 750,000 common share purchase warrants (the õExtract Warrantsö). The Extract Warrants have an exercise price of C$0.36 per common share and are exercisable until May 2, 2019. CPM also provided Extract with a production fee of $1.70 per tonne of production of SOP. The production fee may be repurchased at any time by CPM for $1,500,000. CPM estimated the fair value of this obligation to be $991,041 at December 31, 2017 (December 31, 2016 - $685,648) based on a discounted cash flow model using an assumption that the production fee agreement would be bought out in the second half of 2019, and a discount rate of 28%. The change in fair value of this liability is reflected within the accretion expense in note 11.

Convertible Debt

On June 29, 2017, CPM entered into the Loan Agreement with EMR, its largest shareholder, pursuant to which EMR lent CPM $12,000,000 (the õLoanö). The Loan will mature in 18 months from the date of issuance, and will bear interest at the rate of 12%, compounded quarterly. The principal amount of the Loan, in whole or in part, is convertible into common shares of the Company at EMRøs option, at a price per common share of C$0.55. In addition, interest on the Loan is payable in common shares of CPM at the market price of the Companyøs shares on the earlier of the date of conversion or certain prescribed interest payment dates, subject to the approval of the TSX Venture Exchange.

The conversion feature of the Loan meets the definition of a derivative liability instrument because the conversion feature is denominated in a currency other than the Companyøs U.S. dollar functional currency, thus making the number of shares in a conversion scenario variable. Accordingly, the conversion feature does not meet the õfixed-for-fixedö criteria outlined in IAS 32. As a result, the conversion feature of the Loan is required to be recorded as a derivative liability recorded at fair value and marked to its market value each period, with the changes in fair value each period being reflected on the Statement of Loss.

The Loan was separated into a convertible debt component and a derivative liability, both of which were initially recorded at fair value. The convertible debt is classified as other financial liabilities and measured at amortized cost using the effective interest method.

Debt issuance costs in the amount of $79,367 were expensed at closing. These costs were made up of attorney and regulatory filing fees.

Interest in the amount of $699,606 was accrued and compounded as at December 31, 2017.

When estimating the initial fair value of the debt host and embedded derivative liability components of the EMR convertible debt issued in the year, the debt host contract was valued using a discounted cash flow analysis using a 16% discount rate based on market interest rates available to the Company at that time for similar debt instruments. The residual value was allocated to the embedded conversion option, which resulted in an implied future volatility of 25.63% using a Black Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Loan inception June 30, 2017	December 31, 2017
Market price	C$0.45	C$0.45
Conversion price per common share	C$0.55	C$0.55
Risk-free interest rate	1.09%	1.67%
Expected volatility	25.95%	25.63%
Expected dividend yield	0%	0%
Expected life (years)	1.50	1.00

The following table discloses the components associated with this transaction on the closing date:

Face value of convertible debt	$	12,000,000
Less derivative component		(590,569)
Value assigned to convertible debt	**$**	**11,409,431**

The changes in the convertible debt are as follows:

Opening balance	$	-
Value assigned to convertible debt		11,409,431
Accretion		193,554
Convertible debt balance as at December 31, 2017	**$**	**11,602,985**

The changes in the derivative liability are as follows:

Opening Balance	$	-
Fair value assigned at loan inception		590,569
Change in fair value of derivative liability		(211,830)
Balance as at December 31, 2017	**$**	**378,739**

Note 9. Provision for Environmental Rehabilitation

In connection with the Companyøs exploration and drilling activities on its Sevier Playa Project, the Company has an obligation to remediate the impact of these activities.

Balance as at January 1, 2016	**$**	**208,905**
Reductions		(8,353)
Accretion		2,908
Expenditures incurred		-
Balance as at December 31, 2016	**$**	**203,460**
Reductions		(14,583)
Accretion		4,026
Expenditures incurred		-
Balance as at December 31, 2017	**$**	**192,903**

Note 10. Share Capital

Authorized

CPM authorized capital consists of unlimited voting common shares without par value, unlimited non-voting common shares without par value and unlimited preference shares without par value.

Voting and non-voting common shares

	Number of shares issued		Share capital	
	Voting common	Non-voting common	Voting common	Non-voting common
Balance as at January 1, 2016	**146,450,071**	**2,791,947**	**$ 56,956,533**	**$ 906,574**
Equity issued pursuant to private placement	12,620,331	-	4,090,537	-
Equity issued pursuant to warrants exercise	34,516,129	-	12,814,475	-
Share issue costs	-	-	(563,751)	-
Balance as at December 31, 2016	**193,586,531**	**2,791,947**	**$ 73,297,794**	**$ 906,574**
Share conversion	325,000	(325,000)	105,531	(105,531)
Stock options exercised	300,000	-	129,622	-
Balance as at December 31, 2017	**194,211,531**	**2,466,947**	**$ 73,532,947**	**$ 801,043**

On May 29, 2015, CPM closed a private placement with EMR, pursuant to which CPM issued EMR 34,516,129 units at C$0.30 per unit for gross proceeds of $8,306,652 (C$10,354,839), with each unit being comprised of one common share and one common share purchase warrant (the õEMR Warrantsö). Each of the 34,516,129 EMR Warrants entitled EMR to subscribe for one common share at a price of C$0.4243 per common share until May 29, 2017. The allocated fair value of the common shares was $7,036,983. CPM incurred transaction costs totaling $514,813, of which $436,124 was allocated to common shares and $78,689 was allocated to the EMR Warrants. The transaction costs included a 4% success fee of $332,267 paid to an advisor, as well as legal and other professional fees. The EMR warrants were exercised on May 3, 2016.

On May 25, 2016, CPM closed a private placement with EMR, pursuant to which CPM issued EMR 12,620,331 common shares at C$0.4243 per share for gross proceeds of $4,090,537 (C$5,354,806). For the private placement with EMR, CPM incurred transaction costs in the amount of $485,062 which included a 4% success fee paid to an advisor.

On December 11, 2017, 325,000 shares were converted from non-voting to voting shares, at the historical share price of $0.32471 (C$0.314943).

On December 20, 2017, 300,000 share options were exercised, at a price of $0.31 (C$0.40) per share for gross proceeds of $93,276 (C$120,000).

In 2014, in conjunction with the Extract Loan (which was repaid in May 2016), CPM issued 750,000 Extract Warrants to Extract. Each Extract Warrant entitles the holder to acquire one voting common share at a price of C$0.36 per common share until May 2, 2019.

The fair values of the Extract Warrants were used to determine the financing proceeds allocated to the equity components based on relative fair values. The proceeds allocated to the Extract Warrants issued in conjunction with the financing totaled $37,717, net of tax effects.

The following is a summary of the common share purchase warrants outstanding as at December 31, 2017:

	Weighted average remaining contractual life (yrs)	Number of share purchase warrants	Weighted average exercise price (C$)
Extract Warrants	1.33	750,000	$ 0.36
Share purchase warrants outstanding, end of period	**1.33**	**750,000**	**$ 0.36**

Restricted share units

In June 2017, CPM adopted a restricted share unit plan (the õRSU Planö). Under the RSU Plan, selected officers, employees, consultants, and directors of the Corporation and its affiliates are granted RSUs, where each RSU represents the right to receive one CPM common share upon expiration of an applicable restricted period (vesting). The RSU Plan is designed to aid in attracting, retaining, and encouraging employees and directors, due to the opportunity offered to them, to acquire a proprietary interest in the Company.

The maximum number of common shares available for issuance under the RSU Plan shall not exceed 19,000,000. The maximum number of shares issuable to insiders, at any time, is 10% of the total number of common shares then outstanding. The maximum term for restricted share units to vest is up to ten (10) years, but may be such shorter term as the Company chooses.

On November 14, 2017, CPM granted 4,081,609 RSUs to certain directors with a market price of C$0.40 at time of grant. The RSUs vest in three equal annual installments on January 15, 2018, January 15, 2019, and January 15, 2020. The RSUs also vest in full upon retirement or in the event of termination due to a change of control.

On December 21, 2017, CPM granted 3,700,000 RSUs to an officer and director with a market price of C$0.42 at time of grant. The RSUs vest in three equal annual installments on January 15, 2018, January 15, 2019, and January 15, 2020. The RSUs also vest in full upon retirement or in the event of termination due to a change of control.

The following is a summary of RSUs outstanding as at December 31, 2017.

	December 31, 2017		
	Number of shares	Weighted average remaining contractual life (years)	Average market price at time of grant (C$)
Balance, beginning of year	**-**	**-**	**$ -**
Granted	7,781,609	9.77	0.41
Balance, end of year	**7,781,609**		**$ 0.41**

Share purchase options

CPM has a stock option plan (the õOption Planö) whereby the Board of Directors may grant to directors, officers, employees, or consultants options to acquire common shares. The Board of Directors has the authority to determine the limits, restrictions and conditions of common share option grants, and to make all decisions and interpretations relating to the Option Plan. The maximum number of common shares that may be reserved for issuance shall not exceed 10% of the Companyøs outstanding common shares at the time of grant. Furthermore, the maximum number of common shares that may be reserved for issuance to any one optionee shall not exceed 5% of the Companyøs outstanding common shares at the time of grant, excepting consultants and investor relations persons which shall not exceed 2% of the Companyøs outstanding common shares.

The term of any common share option granted may not exceed five years and the exercise price may not be lower than the closing price of CPMøs common shares on the last trading day immediately preceding the date of grant, less any discounts from the closing price allowed by the TSX Venture Exchange. Vesting conditions vary based on the circumstances of the option grant.

The following table reflects the continuity of common share options for the period ended December 31, 2017 and 2016.

	December 31, 2017			December 31, 2016		
	Number of options		Weighted average exercise price (C$)	Number of options		Weighted average exercise price (C$)
Balance, beginning of year	**12,277,076**	**$**	**0.47**	**10,023,975**	**$**	**0.54**
Granted	1,850,000		0.41	3,715,937		0.45
Exercised	(300,000)		0.40	-		-
Forfeited	(5,203,260)		0.42	(937,836)		0.41
Expired	(925,000)		1.04	(525,000)		1.81
Balance, end of year	**7,698,816**	**$**	**0.42**	**12,277,076**	**$**	**0.47**
Exercisable share purchase options	**4,248,816**	**$**	**0.42**	**7,369,473**	**$**	**0.49**

A summary of common share options outstanding as at December 31, 2017 is as follows:

Exercise price per share (C$)	Weighted average remaining contractual life (yrs)	Number of share purchase options		Weighted average exercise price (C$)
< $0.40	**2.145**	2,248,816	$	0.40
0.41 - 0.45	**3.523**	5,450,000		0.43
Share purchase options outstanding, end of period	**3.120**	**7,698,816**	**$**	**0.42**

On December 5, 2016, CPM granted 300,000 options to an officer of the company. All options are exercisable over a period of five years at a price of C$0.45 per common share and shall vest in three equal annual installments on the first, second, and third anniversaries of the option grant.

The fair value of the options granted December 5, 2016 was estimated on the date of grant using the Black-Scholes option pricing model. The Company assumed a 3.18% forfeiture rate based on historical forfeitures and the following table outlines the weighted average assumptions used to calculate the fair value:

Black-Scholes option pricing model assumptions	
Market price per common share at date of grant	C$0.35
Exercise price per common share	C$0.45
Risk-free interest rate	0.86%
Expected volatility	83.31%
Expected dividend yield	0%
Expected life (years)	3.56

On August 18, 2016, CPM granted 2,515,937 options to CPM directors, 600,000 options to consultants to CPM, and 300,000 options to CPM employees. All options are exercisable over a period of five years at a price of C$0.45 per common share. The directorsø options vest in four equal quarterly installments commencing January 1, 2016. The options to employees and consultants of the Company and its subsidiary shall vest in three equal annual installments on the first, second, and third anniversaries of the Option grant.

The fair value of the options granted August 18, 2016 was estimated on the date of grant using the Black-Scholes option pricing model. The Company assumed a 3.57% forfeiture rate based on historical forfeitures and the following table outlines the average assumptions used to calculate the fair value:

Black-Scholes option pricing model assumptions	
Market price per common share at date of grant	C$0.23
Exercise price per common share	C$0.45
Risk-free interest rate	0.94%
Expected volatility	108.16%
Expected dividend yield	0%
Expected life (years)	3.87

On November 13, 2017, CPM granted 750,000 options to CPM directors, 450,000 options to consultants to CPM, and 650,000 options to CPM employees. All options for employees and consultants of the Company and its subsidiary are exercisable over a period of five years at a price of C$0.42 per common share and shall vest in three equal annual installments on the first, second, and third anniversaries of the Option grant. The directorsø options are exercisable over a period of five years at a price of C$0.40 per common share and shall vest in three equal annual installments on the first, second, and third anniversaries of the Option grant.

The fair value of the options granted November 13, 2017 was estimated on the date of grant using the Black-Scholes option pricing model. The Company assumed a 2.692% forfeiture rate based on historical forfeitures and the following table outlines the average assumptions used to calculate the fair value:

Black-Scholes option pricing model assumptions	
Market price per common share at date of grant	C$0.40
Exercise price per common share director/employee	C$0.40 /C$0.42
Risk-free interest rate	1.50%
Expected volatility	92.25%
Expected dividend yield	0%
Expected life (years)	3.00

Share based compensation for the year ended December 31, 2017 was $97,911 (year ended December 31, 2016 ó $269,148), of which $72,447 (year ended December 31, 2016 - $249,725) was expensed in the Consolidated Statement of Loss and $25,464 (year ended December 31, 2016 - $19,423) was capitalized in mineral properties. The offsetting credit was recorded as contributed surplus.

Note 11. Finance Expense

Finance expenses for the years were as follows:

	Year Ended	
	December 31, 2017	December 31, 2016
Interest expense	$ (699,606)	$ (137,334)
Accretion expense	(498,947)	(305,418)
Total finance expenses	**$ (1,198,553)**	**$ (442,752)**

Note 12. Income Taxes

The Companyøs income tax expense for the years ended December 31, 2017 and December 31, 2016 consists of the following:

	Year Ended	
	December 31, 2017	December 31, 2016
Loss before income taxes	$ (3,751,942)	$ (1,846,515)
Income tax recovery at combined federal and provincial rate of 28.49%	(1,068,928)	(553,955)
Foreign rate differences	(206,732)	(81,728)
Non-deductible expenses	101,532	63,776
Losses not recognized	1,174,128	571,907
Income Tax	**$ -**	**$ -**

Deferred tax assets have not been recognized respecting the following items:

As at	December 31, 2017	December 31, 2016
Unrecognized deferred tax assets:		
Deductible temporary differences	$ 250,513	$ 553,990
Loss carryforwards	3,597,210	3,709,710
Share issuance costs	170,391	242,896
Repurchase obligation accretion	282,348	-
Cummulative eligible capital deductions	75,098	76,440
Convertible debt	(5,207)	-
	$ 4,370,353	**$ 4,583,036**

The Company has $5,151,114 (year ended December 31, 2016 C$5,440,937) of Canadian noncapital losses that will expire between 2031 and 2037 and $8,535,703 (year ended December 31, 2016 $6,686,161) of U.S. noncapital losses that will expire between 2031 and 2037.

On December 22, 2017, the Tax Cuts and Jobs Act (õTax Reformö) was signed into law in the United States. Tax Reform lowered the U.S. Federal corporate tax rate from 35% to 21% and made numerous other tax law changes. The change in tax law required the Company to remeasure existing net deferred tax liabilities using the lower rate in the period of enactment resulting in an immaterial impact to the Financial Statements for the year ended December 31, 2017. The Company may be subject to other tax reform provisions beginning January 1, 2018, and is in the process of analyzing their effects.

Note 13. Loss Per Share

Basic loss per share is calculated by dividing the loss attributable to shareholders by the weighted average number of common shares outstanding during the period. CPMøs loss per share for the year ended December 31, 2017 was $0.02 (year ended December 31, 2016, $.01) and was based on the loss attributable to the common shareholders of $3,751,942 (year ended December 31, 2016, $1,846,515), and the weighted average number of common shares outstanding for the year of 196,388,341(year ended December 31, 2016, 176,965,127). The diluted loss per share did not include the effect of the following securities, as they are anti-dilutive:

As at	December 31, 2017	December 31, 2016
Number of share purchase warrants	750,000	750,000
Number of restricted share units	7,781,609	-
Number of share purchase options	7,698,816	12,277,076
	16,230,425	**13,027,076**

Note 14. Expenses by Nature

	Year Ended			
		December 31, 2017		December 31, 2016
Salaries and benefits	$	824,592	$	523,358
Restricted share unit compensation		518,705		-
Office expenses		128,041		127,214
Depreciation		4,352		5,763
Investor relations		323,514		175,516
Professional fees		780,012		604,793
Share-based compensation		72,447		249,725
Other expenses		101,664		195,491
	$	2,753,327	$	1,881,860

Note 15. Related Party Transactions

CPMøs related parties include CPMøs subsidiaries, associates, executive and non-executive directors, senior officers (Chief Executive Officer and Chief Financial Officer), and entities controlled or jointly-controlled by directors or senior officers.

Emerald Peak

In 2011, Peak Minerals entered into the Commercial Agreement with Emerald Peak Minerals, LLC (õEmerald Peakö) whereby both parties agreed to commit the acreage associated with certain state leases controlled by Emerald Peak to development and operation of the Sevier Playa Project by Peak Minerals. Lance DøAmbrosio, the former Chief Executive Officer up until

January 3, 2018, and a former director, and the Estate of Jeff Gentry, a former director, own 60% of Emerald Peak and Peak Minerals owns the remaining 40%.

Key Management

During the year ended December 31, 2017 and December 31, 2016, compensation paid or payable to key management personnel was as follows:

	Year Ended	
	December 31, 2017	December 31, 2016
Salaries, benefits, and compensation	$ 1,096,499	$ 315,678
Director / contractor fees	31,650	93,500
Share-based compensation	52,670	228,557
Total key management compensation	**$ 1,180,819**	**$ 637,735**

EMR

During the years ended December 31, 2017 and 2016, the Company entered into certain agreements with EMR, the Company's largest shareholder, in respect of convertible loans (see Note 8) and private placements issuing common shares associated with warrants (see Note 11).

Note 16. Commitments and Contingencies

LUMA Minerals LLC

Effective July 15, 2011, Peak Minerals and LUMA entered into a cooperative development agreement (the õLUMA Agreementö) to develop additional federal leases on the Sevier Playa Project that CPM did not control. The LUMA Agreement added approximately 22,000 acres of additional leases to the lands controlled by CPM, bringing the Sevier Playa Project land package total to approximately 124,000 acres. LUMA won their leases as part of the federal Bureau of Land Management (õBLMö) competitive bidding process as second highest bidder when CPM was limited to the acquisition of leases on a maximum of 96,000 acres, pursuant to federal law.

Under the LUMA Agreement, both parties will commit the acreage to development and operation by CPM. LUMA will make no payments for the development of its acreage and will receive no net revenues from the production from its acreage ó all revenues and costs will be for the benefit of CPM. The LUMA Agreement commits CPM to pay LUMA a 1.25% overriding royalty on all production from, or allocated to, the LUMA leases. In addition to the overriding royalty, the LUMA Agreement also grants LUMA the right to elect either: (i) a cash-only payment of $2,000,000; or (ii) the number of common shares in CPM equal in value to $1,000,000, plus $1,000,000 cash at the point in time that the Company elects to commit to purchase LUMAøs interest in the LUMA leases. The closing is conditioned upon and subject to: (a) all necessary approvals of the shareholders and governing boards of Peak Minerals and/or CPM; (b) all necessary approvals of U.S. and Canadian governmental authorities, including securities and exchange and environmental regulatory bodies, BLM, and SITLA; and (c) all applicable stock exchange rules, regulations, and approvals.

The LUMA Agreement has been renewed annually with one-year extensions, the latest extending the agreement through July 15, 2018.

Office Lease

CPM leases office space located in Salt Lake City, Utah pursuant to a lease that expires on July 31, 2018. This lease has been accounted for as an operating lease.

The future minimum lease payments are as follows:

Minimum lease payments as at		December 31, 2017		December 31, 2016
Not later than 1 year	$	41,060	$	38,843
	$	**41,060**	**$**	**38,843**

Note 17. Capital Management

When managing capital, the Companyøs objective is to ensure the entity continues as a going concern as well as to maintain adequate levels of funding to support the acquisition, exploration, and development of its projects and corporate and administrative functions. Management, therefore, adjusts the capital structure as necessary in order to support these critical functions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Companyøs management to sustain future development of the business.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- minimizing discretionary disbursements;
- reducing or eliminating operating expenditures that are of limited strategic value; and
- exploring alternative sources of investment and liquidity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

Note 18. Financial Risk Factors

The Companyøs activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk, and fair value risk. Risk management is carried out by the Companyøs management team with guidance from and under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Market Risk

Currency Risk

Foreign exchange risk arises when transactions, assets, and liabilities are denominated in a currency that is not the Companyøs functional currency. Due to the fact that, prior to January 1, 2017, the Company had operations with both Canadian and U.S. dollar functional currencies, and that it holds cash in both Canadian and U.S. dollars, the Company is exposed to the fluctuation of the foreign exchange rate between the Canadian and the U.S. dollar. Included within foreign exchange gain (loss) in the Consolidated Statement of Loss is an unrealized loss of $22,847 resulting from translation of trade payables in Canadian dollars and a realized loss from foreign exchange of $41,123.

Management believes that the currency risk concentration in respect of cash balances is minimal. As at December 31, 2017, the Company held cash balances of $6,759,699 (December 31, 2016, $5,900,798), of which $6,747,216 was held in U.S.

dollars (December 31, 2016, $5,870,586) and $12,483 was held in Canadian dollars (December 31, 2016, $30,212). The Company does not use derivative instruments to reduce its exposure to foreign exchange risk against its functional currencies.

Credit Risk

Credit risk is the risk of loss associated with a counterpartyøs inability to fulfill its payment obligations. The Companyøs credit risk is primarily attributable to cash and accounts receivable. Cash has been deposited with the Companyøs banking institutions, from which management believes the risk of loss to be minimal given the financial strength of its banking institutions with a minimal credit rating of A+/A-1. Accounts receivable consist of taxes receivable from government authorities and are in good standing as at December 31, 2017. Management believes that the credit risk concentration respecting financial instruments included in accounts receivable is minimal

Liquidity Risk

Liquidity risk is a significant risk factor as the Companyøs future is dependent upon its ability to obtain sufficient cash from external financing and related parties in order to fund its ongoing permitting and feasibility study work and ultimate project development and construction. The Companyøs approach to managing liquidity risk is to pursue all financing alternatives in connection with the evaluation and development of the Sevier Playa Project to ensure that it will have sufficient liquidity to meet liabilities as they come due. As at December 31, 2017, the Company had a cash balance of $6,759,699 (December 31, 2016 - $5,900,798) to settle current liabilities of $13,261,285 (December 31, 2016 - $1,371,909). As per Note 16, the Company also had committed expenditures as at December 31, 2017, of $41,060 (as at December 31, 2016 ó $38,843). Aside from the current financial liabilities that are due in less than one year, management intends to buy out the production fee obligation of $1,500,000 in the second half of 2019.

Fair Value Risk

As at December 31, 2017, the Companyøs financial instruments consisted of cash and cash equivalents, trade and other payables, interest payable, convertible debt, derivative liability, and the production repurchase obligation. The carrying amount of the cash and cash equivalents, trade and other payables, interest payable and convertible debt approximate fair value due to the short term nature of these financial instruments. The derivative liability and repurchase obligation are recorded at fair value (note 8).

Fair value measurements recognized in the consolidated balance sheets must be categorized in accordance with the following levels:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the convertible debt conversion option is classified as level 2 and the fair value of the repurchase obligation is classified as level 3. The Company has not transferred any financial instruments between Levels 1, 2, or 3 of the fair value hierarchy during the year ended December 31, 2017

Note 19. Subsequent Events

Restricted Share Units and Share Options

Restricted Share Units

Under the RSU plan adopted by the Company in June 2017, effective January 3, 2018, the Company granted an aggregate of 3,902,889 RSUs to certain employees.

On January 15, 2018, an initial vesting requirement was met, and 1,360,537 common shares were released to certain directors. On March 13, 2018 vesting requirements were met in conjunction with the retirement of certain directors, and 1,440,647 common shares were released to certain directors.

Share Option Exercise

In January 2018, 823,816 share options were exercised at a price C$0.40 per share for gross proceeds of $263,717 (C$329,526).

Convertible Debt Interest Payment

On March 9, 2018, the Company issued 3,270,517 common shares at a deemed value of $0.40 per common share to settle an interest payment pursuant to the Loan Agreement with EMR.