

**CRYSTAL PEAK MINERALS INC.**

**UNAUDITED\***

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
For the Three Months Ended March 31, 2019 and 2018**

**\*Notice of Disclosure of Non-Auditor Review of Interim Financial Statements**

Pursuant to Ontario Securities Act National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, the interim financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Crystal Peak Minerals Inc. ('the Company') for the interim periods ended March 31, 2019 and 2018 have been prepared in accordance with IAS 34, Interim Financial Reporting and are the responsibility of the Company's management.

The Company's independent auditors, PricewaterhouseCoopers, LLP, have not performed a review of these interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

## Table of Contents

	<b><u>Page</u></b>
<b>Management's Responsibility for Financial Statements</b>	<b>F-1</b>
<b>Financial Statements</b>	<b>F-2</b>
<b>Notes to the Financial Statements</b>	<b>F-6</b>

May 16, 2019

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying condensed interim consolidated financial statements (the “Financial Statements”) of Crystal Peak Minerals Inc. (the “Company”) are the responsibility of the Company’s 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 (“IFRS”) 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 Company’s 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 Company’s 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, and the Financial Statements. The Audit Committee also reviews the Company’s 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 Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities

/s/ John G. Mansanti  
John G. Mansanti, CEO

/s/ Blake Measom  
Blake Measom, CFO

**Crystal Peak Minerals Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As at March 31, 2019 and December 31, 2018**  
**(Unaudited and Expressed in US Dollars)**

<b>As at</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,388,808	\$ 4,314,583
Receivables	24,604	22,547
Prepaid expenses	9,536	9,536
	1,422,948	4,346,666
<b>Non-current</b>		
Restricted cash (Note 4)	71,759	71,695
Property, plant and equipment	129,791	134,754
Interest in mineral properties (Note 5)	80,774,563	73,010,174
Investment in associate (Note 6)	-	6,149,484
	<b>\$ 82,399,061</b>	<b>\$ 83,712,773</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables	\$ 1,005,907	\$ 1,544,256
Interest payable	100,000	1,596,636
Convertible debt (Note 7)	9,955,154	12,000,000
Derivative liability, convertible debt	26,500	-
	11,087,561	15,140,892
<b>Non-current</b>		
Convertible debt (Note 7)	-	9,949,217
Derivative liability, convertible debt	-	27,307
Repurchase obligation	1,372,782	1,296,434
Provisions for environmental rehabilitation obligations	219,585	200,470
	12,679,928	26,614,320
<b>SHAREHOLDERS' EQUITY</b>		
Voting common shares	91,831,579	77,836,357
Non-voting common shares	801,043	801,043
Share purchase warrants	37,717	37,717
Contributed surplus	7,264,883	7,515,114
Accumulated deficit	(29,726,223)	(28,601,912)
Foreign currency translation reserve	(489,866)	(489,866)
	69,719,133	57,098,453
	<b>\$ 82,399,061</b>	<b>\$ 83,712,773</b>

Nature of Operations and Going Concern (Note 1)

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

**Crystal Peak Minerals Inc.**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

	<b>3 Months Ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
<b>EXPENSES</b>		
General and administrative	\$ 395,443	\$ 541,276
Depreciation	586	1,346
Investor relations	69,683	67,988
Professional fees	213,534	267,263
Compensation related to restricted share units	(93,112)	1,792,896
Share-based compensation	23,193	3,978
	<b>(609,327)</b>	<b>(2,674,747)</b>
<b>OTHER ITEMS</b>		
Interest income	8,940	17,464
Change in fair value of derivative liability	807	111,863
Net loss of equity method investee	(441)	-
Accretion expense	(83,622)	(189,789)
Finance expenses	(307,742)	(439,961)
Foreign exchange gain (loss)	(21,994)	(3,648)
Non-resident Canadian withholding tax	(110,932)	-
<b>Net loss before income taxes</b>	<b>(1,124,311)</b>	<b>(3,178,818)</b>
Income tax	-	-
<b>Net loss</b>	<b>\$ (1,124,311)</b>	<b>\$ (3,178,818)</b>
<b>Comprehensive loss</b>	<b>\$ (1,124,311)</b>	<b>\$ (3,178,818)</b>
Basic and diluted loss per share (Note 11)	\$ -	\$ 0.02
Weighted average number of shares outstanding	248,175,094	203,573,995

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

**Crystal Peak Minerals Inc.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

	Voting common	Non-voting common	Share purchase warrants	Contributed surplus	Accumulated deficit	Foreign currency translation reserve	Total shareholders' equity
<b>Balance as at January 1, 2019</b>	\$ 77,836,357	\$ 801,043	\$ 37,717	\$ 7,515,114	\$ (28,601,912)	\$ (489,866)	\$ 57,098,453
Net loss for the three months ended March 31, 2019	-	-	-	-	(1,124,311)	-	(1,124,311)
<b>Total comprehensive loss for the period</b>	-	-	-	-	<b>(1,124,311)</b>	-	<b>(1,124,311)</b>
Share-based compensation	-	-	-	33,725	-	-	33,725
Compensation related to restricted share units	-	-	-	(93,112)	-	-	(93,112)
Common shares issued for convertible debt principal payment	12,000,000	-	-	-	-	-	12,000,000
Common shares issued for convertible debt interest payment	1,804,378	-	-	-	-	-	1,804,378
Common shares issued upon release of restricted share units	190,844	-	-	(190,844)	-	-	-
<b>Balance as at March 31, 2019</b>	\$ 91,831,579	\$ 801,043	\$ 37,717	\$ 7,264,883	\$ (29,726,223)	\$ (489,866)	\$ 69,719,133
<b>Balance as at January 1, 2018</b>	\$ 73,532,947	\$ 801,043	\$ 37,717	\$ 6,891,292	\$ (20,053,521)	\$ (489,866)	\$ 60,719,612
Net loss for the three months ended March 31, 2018	-	-	-	-	(3,178,818)	-	(3,178,818)
<b>Total comprehensive loss for the period</b>	-	-	-	-	<b>(3,178,818)</b>	-	<b>(3,178,818)</b>
Share-based compensation	-	-	-	15,446	-	-	15,446
Compensation related to restricted share units	-	-	-	1,792,896	-	-	1,792,896
Common shares issued upon release of restricted share units	1,019,567	-	-	-	-	-	1,019,567
Share options exercised	368,564	-	-	(104,846)	-	-	263,718
Common shares issued for convertible debt interest payment	908,027	-	-	(908,027)	-	-	-
<b>Balance as at March 31, 2018</b>	\$ 75,829,105	\$ 801,043	\$ 37,717	\$ 7,686,761	\$ (23,232,339)	\$ (489,866)	\$ 60,632,421

The accompanying notes are an integral part of these Financial Statements

**Crystal Peak Minerals Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

	<b>Three Months Ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
<b>OPERATING ACTIVITIES</b>		
Net loss before income taxes	\$ (1,124,311)	\$ (3,178,818)
Adjustments for:		
Depreciation	586	1,346
Share-based compensation	23,193	3,978
Compensation related to restricted share units	(93,112)	1,792,896
Accretion expense	83,622	189,789
Non-cash interest expense	307,742	439,961
Change in fair value of derivative liability	(807)	(111,863)
Share of net income of equity method investee	441	-
Changes in working capital:		
Receivables	(2,057)	10,751
Prepaid expenses	-	-
Trade and other payables	(350,091)	56,154
<b>Net cash used in operating activities</b>	<b>(1,154,794)</b>	<b>(795,806)</b>
<b>INVESTING ACTIVITIES</b>		
Increase in restricted cash	(64)	-
Additions to property, plant and equipment	-	(2,038)
Additions to mineral properties	(1,770,917)	(1,383,952)
<b>Net cash used in investing activities</b>	<b>(1,770,981)</b>	<b>(1,385,990)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from convertible debt	-	-
Proceeds from exercise of share options	-	263,718
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>263,718</b>
Net change in cash and cash equivalents	(2,925,775)	(1,918,078)
Cash and cash equivalents, beginning of year	4,314,583	6,759,699
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,388,808</b>	<b>\$ 4,841,621</b>

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

**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

---

**Note 1. Nature of Operations and Going Concern**

Crystal Peak Minerals Inc. (“CPM” or the “Company”) is a public company listed on the TSX Venture Exchange. CPM’s common shares trade on the TSX Venture Exchange under the symbol “CPM”. CPM’s common shares also trade on the OTCQX International under the symbol “CPMMF”. CPM is domiciled in the Yukon Territory, Canada, and the address of its registered office is 200 – 204 Lambert Street, Whitehorse, Yukon Territory, Y1A 3T2.

CPM, together with its subsidiaries, operates an exploration-stage entity focused on the development, construction and operation of a potassium sulfate (“SOP”) project on the Sevier Playa in west central Utah (the “Sevier Playa Project”). The Company completed work on a definitive feasibility study (the “FS”) in December 2017, in line with the standards of Canadian National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, the results of which were published on February 21, 2018. During 2018 and 2019 CPM continued permitting, engineering, and financing activities designed to move the Sevier Playa Project toward construction.

These condensed interim consolidated financial statements (the “Financial Statements”) are prepared using International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) 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 CPM’s 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 (the \$10,000,000 convertible loan from EMR Capital (Note 7) will also be repayable in February 2020 unless refinanced or converted into common shares by the note holder).

CPM’s ability to continue as a going concern 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 and with interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) 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 were authorized for issuance on May 16, 2019 by the Board of Directors.



**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

---

***Principles of Consolidation***

These Financial Statements include the Company's accounts and those of its wholly-owned subsidiaries, Peak Minerals Inc. (Peak Minerals), and Emerald Peak Minerals LLC, ("Emerald Peak").

Effective March 1, 2019, the Company purchased all of the membership interests of Emerald Peak held by both the Estate of Jeff Gentry, and Lance D'Ambrosio (former directors and officers of the Company) for \$349,452. Peak Minerals also received an assignment of membership interests and that portion of the capital account attributable to the purchased interests, but did not receive the rights to their combined 4.5% future overriding royalties. As a result, Emerald Peak became a direct, wholly-owned subsidiary of the Company. Emerald Peak's capital was then reduced to zero and the mineral leases, previously held by Emerald Peak, were transferred to Peak Minerals. The LLC was dissolved in the second quarter of 2019.

All intercompany accounts and transactions have been eliminated on consolidation. All amounts, unless specifically indicated otherwise, are presented in U.S. dollars.

***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. Accordingly, the Company's functional currency is the U.S. dollar.

Transactions and Balances

Transactions that occur in a foreign currency are translated and recorded into the functional currency 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.

***Adoption of New Accounting Standards***

IFRS 9, Financial Instruments ("IFRS 9") was adopted as of January 1, 2018. IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to the measurement of financial liabilities is unchanged. The change did not impact the carrying value of any financial assets.

**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.

In preparing these Financial Statements, the significant judgments made by management in applying CPM's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended December 31, 2018.

**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

**Note 4. Restricted Cash**

On June 26, 2018, Peak Minerals provided to the Utah Division of Oil, Gas and Mining (“DOG M”) cash in the amount of \$71,600, in lieu of a surety bond for the exploration of certain Utah School and Institutional Trust Lands Administration (“SITLA”) lands controlled by Peak Minerals as part of the Sevier Playa Project. During the three months ended March 31, 2019, the Company accrued interest income totaling \$65 on its restricted cash held with DOGM.

**Note 5. Interest in Mineral Properties**

The interest in mineral properties balance consists of exploration and evaluation assets relating to expenditures incurred in connection with the exploration and evaluation of mineral resources of the Company’s Sevier Playa project:

	Acquisition costs	Planning and design	Field operations and expenses	Legal costs and environmental obligations	Engineering, permitting & technical reports	Total
<b>As at January 1, 2018</b>						
Cost	\$ 23,651,147	\$ 660,914	\$ 11,951,626	\$ 1,390,833	\$ 24,474,528	\$ 62,129,048
Accumulated amortization and impairment	-	-	-	-	-	-
<b>Net book amount</b>	<b>23,651,147</b>	<b>660,914</b>	<b>11,951,626</b>	<b>1,390,833</b>	<b>24,474,528</b>	<b>62,129,048</b>
<b>Period ended March 31, 2018</b>						
Opening net book amount	23,651,147	660,914	11,951,626	1,390,833	24,474,528	62,129,048
Additions	-	-	129,763	40,481	1,403,440	1,573,684
<b>Closing net book amount</b>	<b>23,651,147</b>	<b>660,914</b>	<b>12,081,389</b>	<b>1,431,314</b>	<b>25,877,968</b>	<b>63,702,732</b>
<b>As at March 31, 2018</b>						
Cost	23,651,147	660,914	12,081,389	1,431,314	25,877,968	63,702,732
Accumulated amortization and impairment	-	-	-	-	-	-
<b>Net book amount</b>	<b>\$ 23,651,147</b>	<b>\$ 660,914</b>	<b>\$ 12,081,389</b>	<b>\$ 1,431,314</b>	<b>\$ 25,877,968</b>	<b>\$ 63,702,732</b>
<b>As at January 1, 2019</b>						
Cost	\$ 26,446,458	\$ 662,673	\$ 12,481,887	\$ 1,596,865	\$ 31,822,291	\$ 73,010,174
Accumulated amortization and impairment	-	-	-	-	-	-
<b>Net book amount</b>	<b>26,446,458</b>	<b>662,673</b>	<b>12,481,887</b>	<b>1,596,865</b>	<b>31,822,291</b>	<b>73,010,174</b>
<b>Period ended March 31, 2019</b>						
Opening net book amount	26,446,458	662,673	12,481,887	1,596,865	31,822,291	73,010,174
Additions	6,512,832	-	86,794	85,743	1,079,020	7,764,389
<b>Closing net book amount</b>	<b>32,959,290</b>	<b>662,673</b>	<b>12,568,681</b>	<b>1,682,608</b>	<b>32,901,311</b>	<b>80,774,563</b>
<b>As at March 31, 2019</b>						
Cost	32,959,290	662,673	12,568,681	1,682,608	32,901,311	80,774,563
Accumulated amortization and impairment	-	-	-	-	-	-
<b>Net book amount</b>	<b>\$ 32,959,290</b>	<b>\$ 662,673</b>	<b>\$ 12,568,681</b>	<b>\$ 1,682,608</b>	<b>\$ 32,901,311</b>	<b>\$ 80,774,563</b>

**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

**Note 6. Investment in Associate**

In 2011, Peak Minerals acquired a 40% interest in Emerald Peak Minerals, LLC (“Emerald Peak”) for \$6.1 million by contributing to equity certain Emerald Peak notes it held. Emerald Peak is a privately held company domiciled in Utah, U.S. that holds the rights to 6,409 acres of State of Utah property leases on the Sevier Playa issued by SITLA.

Lance D’Ambrosio, the Company’s 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 Company’s investment in Emerald Peak’s mineral property is accounted for using the equity method.

On April 18, 2011, Peak Minerals entered into an agreement (the “Commercial Services Agreement”) with Emerald Peak, whereby Emerald Peak agreed to commit the acreage associated with the Emerald Peak state leases on the Sevier Playa Project that CPM did not control 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 – all revenues and costs incurred under the Commercial Services Agreement will be for the benefit of Peak Minerals. The contract committed 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, the U.S. Bureau of Land Management (“BLM”), and SITLA. In April 2014, Emerald Peak assigned its future rights to the overriding royalties to its three members.

Effective March 1, 2019, the Company purchased all of the membership interests of Emerald Peak held by both the Estate of Jeff Gentry, and Lance D’Ambrosio for \$349,452. Peak Minerals also received an assignment of membership interests and that portion of the capital account attributable to the purchased interests, but did not receive the rights to their combined 4.5% future overriding royalties. As a result, Emerald Peak became a direct, wholly-owned subsidiary of the Company. Emerald Peak’s capital was then reduced to zero and the mineral leases, previously held by Emerald Peak, were transferred to Peak Minerals. The LLC was dissolved in the second quarter of 2019. For the three months ended March 31, 2019 and March 31, 2018, the Company’s share of net loss was \$411 and nil respectively.

As a result of these transactions, the Company’s indirect interest in 95.5% of all SOP production associated with the state lease property rights held by Emerald Peak became a direct interest in those property rights and the Company’s investment in associate was reclassified to interest in mineral properties (inclusive of the fair value increment).

**Note 7. Borrowings and Related Financial Liabilities**

Borrowings and related financial liabilities consist of:

	Repurchase obligation	Convertible debt, host	Derivative liability in convertible debt	Total
<b>As at January 1, 2018</b>	\$ 991,041	\$ 11,602,985	\$ 378,739	\$ 12,972,765
Proceeds from convertible debt issuance	-	9,929,846	70,154	10,000,000
Accretion	305,393	416,386	-	721,779
Change in fair value	-	-	(421,586)	(421,586)
<b>As at December 31, 2018</b>	<b>\$ 1,296,434</b>	<b>\$ 21,949,217</b>	<b>\$ 27,307</b>	<b>\$ 23,272,958</b>
Repayment of convertible debt	-	(12,000,000)	-	(12,000,000)
Accretion	76,348	5,937	-	82,285
Change in fair value	-	-	(807)	(807)
<b>As at March 31, 2019</b>	<b>\$ 1,372,782</b>	<b>\$ 9,955,154</b>	<b>\$ 26,500</b>	<b>\$ 11,354,436</b>

**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

---

***Repurchase Obligation***

On May 2, 2014, CPM entered into a secured credit agreement with Extract Advisors, LLC and its affiliate, Extract Capital LP (together “Extract”), for a \$2,500,000 loan (the “Extract Loan”). 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 “Extract Warrants”). 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 \$1,372,782 at March 31, 2019 (December 31, 2018 - \$1,296,434) based on a discounted cash flow model using an assumption that the production fee agreement will be bought out prior to production, and a discount rate of 24.5%. The change in fair value of this liability is reflected within the accretion expense.

***Convertible Debt***

On June 29, 2017, CPM entered into a convertible loan agreement (the “Loan Agreement”) with EMR, its largest shareholder, pursuant to which EMR lent CPM \$12,000,000 (the “Loan”). The Loan matured after 18 months from the date of issuance on December 29, 2018, and bore interest at the rate of 12%, compounded quarterly. The principal amount of the Loan, in whole or in part, was convertible into common shares of the Company at EMR’s option, at a price per common share of C\$0.55. In addition, interest on the Loan was payable in common shares at the market price of the Company’s 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 Company’s U.S. dollar functional currency, thus making the number of shares in a conversion scenario variable. Accordingly, the conversion feature did not meet the “fixed-for-fixed” criteria outlined in IAS 32. As a result, the conversion feature of the Loan was 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 Consolidated 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.

On March 9, 2018, the Company issued 3,270,517 common shares at a deemed value of C\$0.40 per common share to settle an interest payment pursuant to the Loan Agreement. On April 11, 2018, the Company remitted \$181,371 in non-resident Canadian withholding tax to the Canadian Revenue Agency (“CRA”) related to the interest payment, pursuant to the Loan Agreement.

On January 2, 2019, the Company issued 29,201,455 common shares at a deemed value of C\$0.55 per common share to settle in full the principal payment and 7,758,401 common shares at a deemed value of C\$0.21 to settle an interest payment pursuant to the Loan Agreement. On January 11, 2019, the Company remitted \$212,749 in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the Loan Agreement.

When estimating the initial fair value of the debt host and embedded derivative liability components of the Loan, 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, using a Black-Scholes valuation model.

**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

The following tables disclose the components and assumptions associated with this transaction on the closing date:

<b>Black-Scholes option pricing model assumptions</b>	<b>Loan inception June 30, 2017</b>	
Market price		C\$0.45
Conversion price per common share		C\$0.55
Risk-free interest rate		1.09%
Expected volatility		25.95%
Expected dividend yield		0%
Expected life (years)		1.50
Face value of convertible debt	\$	12,000,000
Less derivative component		(590,569)
<b>Value assigned to convertible debt</b>	<b>\$</b>	<b>11,409,431</b>

The changes in the convertible debt are as follows:

Convertible debt balance as at December 31, 2018	\$	12,000,000
Repayment of principal		(12,000,000)
<b>Convertible debt balance as at March 31, 2019</b>	<b>\$</b>	<b>-</b>

On July 19, 2018 the Company entered into a second convertible loan agreement with EMR (the “2018 Loan Agreement”), pursuant to which EMR agreed to lend the Company up to \$10,000,000 in two tranches (the “2018 Loan”). In addition, the closing of the first tranche of the 2018 Loan was completed in the amount of \$5,000,000. The 2018 Loan will mature in 18 months from the date of issuance, and bears interest at the rate of 12%, compounded quarterly. The principal amount of the 2018 Loan, in whole or in part, is convertible into common shares of the Company at EMR’s option, at a price per common share of C\$0.50. In addition, interest on the 2018 Loan is payable in common shares at the market price of the Company’s shares on the earlier of the date of conversion or certain prescribed interest payment dates, subject to the approval of the TSX Venture Exchange.

When estimating the initial fair value of the first tranche of the debt host and embedded derivative liability components of the 2018 Loan, the debt host contract was valued using a discounted cash flow analysis using a 13.37% 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 volatility of 25.50% using a Black-Scholes valuation model based on the following assumptions:

<b>Black-Scholes option pricing model assumptions</b>	<b>Tranche 1 inception July 19, 2018</b>	<b>March 31, 2019</b>
Market price	C\$0.31	C\$0.175
Conversion price per common share	C\$0.50	C\$0.50
Risk-free interest rate	1.92%	1.55%
Expected volatility	25.50%	25.73%
Expected dividend yield	0%	0%
Expected life (years)	1.50	0.833

**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

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

Face value of convertible debt	\$	5,000,000
Less derivative component		(40,432)
<b>Value assigned to convertible debt</b>	<b>\$</b>	<b>4,959,568</b>

The changes in the convertible debt are as follows:

Opening balance	\$	-
Value assigned to convertible debt		4,959,568
Accretion		13,441
<b>Convertible debt balance as at March 31, 2019</b>	<b>\$</b>	<b>4,973,009</b>

The changes in the derivative liability are as follows:

Opening balance	\$	-
Fair value assigned at loan inception		40,432
Change in fair value of derivative liability		(40,432)
<b>Balance as at March 31, 2019</b>	<b>\$</b>	<b>-</b>

On October 29, 2018 the Company closed the second tranche of the 2018 Loan in the amount of \$5,000,000. When estimating the initial fair value of the second tranche of the debt host and embedded derivative liability components of the 2018 Loan, the debt host contract was valued using a discounted cash flow analysis using a 13.37% 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 volatility of 40.5% using a Black-Scholes valuation model based on the following assumptions:

Black-Scholes option pricing model assumptions	Tranche 2 inception October 29, 2018	March 31, 2019
Market price	C\$0.225	C\$0.175
Conversion price per common share	C\$0.50	C\$0.50
Risk-free interest rate	2.25%	1.55%
Expected volatility	40.50%	40.53%
Expected dividend yield	0%	0%
Expected life (years)	1.30	0.833

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

Face value of convertible debt	\$	5,000,000
Less derivative component		(29,722)
<b>Value assigned to convertible debt</b>	<b>\$</b>	<b>4,970,278</b>

The changes in the convertible debt are as follows:

Opening balance	\$	-
Value assigned to convertible debt		4,970,278
Accretion		11,867
<b>Convertible debt balance as at March 31, 2019</b>	<b>\$</b>	<b>4,982,145</b>

**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

The changes in the derivative liability are as follows:

Opening balance	\$	-
Fair value assigned at loan inception		29,722
Change in fair value of derivative liability		(3,222)
<b>Balance as at March 31, 2019</b>	<b>\$</b>	<b>26,500</b>

On March 29, 2019, the Company issued 4,275,581 common shares at a deemed value of C\$0.185 per common share to settle an interest payment pursuant to the 2018 Loan Agreement. On April 1, 2019, the Company remitted \$104,441 in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the 2018 Loan Agreement.

Interest in the amount of \$100,000 was accrued and compounded as at March 31, 2019.

**Note 8. 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
<b>Balance as at January 1, 2018</b>	<b>194,211,531</b>	<b>2,466,947</b>	<b>\$ 73,532,947</b>	<b>\$ 801,043</b>
Common shares issued for convertible debt interest payments	3,270,517	-	1,019,567	-
Common shares issued upon acquisition of leases	4,283,882	-	1,000,000	-
Restricted share units released	6,501,184	-	1,915,279	-
Share options exercised	823,816	-	368,564	-
<b>Balance as at December 31, 2018</b>	<b>209,090,930</b>	<b>2,466,947</b>	<b>\$ 77,836,357</b>	<b>\$ 801,043</b>
Common shares issued for convertible debt interest payments	12,033,982	-	1,804,378	-
Common shares issued for convertible debt principal payments	29,201,455	-	12,000,000	-
Restricted share units released	640,212	-	190,844	-
Share options exercised	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>250,966,579</b>	<b>2,466,947</b>	<b>91,831,579</b>	<b>\$ 801,043</b>

In January 2018, 823,816 share options were exercised at a price of \$0.32 (C\$0.40) per share for gross cash proceeds of \$263,621 (C\$329,526).

On January 15, 2018, an initial restricted share unit (“RSU”) vesting requirement was met, and 1,360,537 common shares were released to certain directors.

On March 9, 2018, the Company issued 3,270,517 common shares at a deemed value of \$0.312 (C\$0.40) per common share to settle an interest payment pursuant to the Loan Agreement with EMR.

On March 13, 2018, RSU vesting requirements were met in conjunction with the retirement of certain directors, and 1,440,647 common shares were released to those directors.

**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

---

On April 30, 2018, RSU vesting requirements were met and 3,700,000 common shares were released to a former employee and officer of the Company.

On August 31, 2018, the Company issued 4,283,882 common shares for an option to purchase certain mineral lease rights (see Note 17).

On January 2, 2019, the Company issued 7,758,401 common shares at a deemed value of \$0.16 (C\$0.21) per common share to settle an interest payment, and 29,201,455 common shares at a deemed value of \$0.41 (C\$0.55) per common share to settle the Loan in full, pursuant to the Loan Agreement. The Company remitted \$212,748 (C\$285,722) in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the Loan Agreement.

On March 27, 2019, RSU vesting requirements were met and 640,212 common shares were released to certain directors.

On March 29, 2019, the Company issued 4,275,581 common shares at a deemed value of \$0.14 (C\$0.185) per common share to settle an interest payment, The Company remitted C\$139,608 in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the 2018 Loan Agreement.

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 March 31, 2019:

---

	Weighted average remaining contractual life (yrs)	Number of share purchase warrants	Weighted average exercise price (C\$)
Extract Warrants	0.08	750,000	\$ 0.36
<b>Share purchase warrants outstanding, end of period</b>	<b>0.08</b>	<b>750,000</b>	<b>\$ 0.36</b>

---

***Restricted share units***

In June 2017, CPM adopted a restricted share unit plan (the “RSU Plan”). 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.



**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

On 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 those directors. On April 30, 2018, vesting requirements were met and 3,700,000 common shares were released to a former employee and officer of the Company. On March 27, 2019, RSU vesting requirements were met and 640,212 common shares were released to certain directors.

The following table reflects the continuity of RSUs outstanding for the period ended March 31, 2019 and 2018.

	March 31, 2019			March 31, 2018		
	Number of units	Average remaining contractual life (years)	Average market price at time of grant (C\$)	Number of units	Average remaining contractual life (years)	Average market price at time of grant (C\$)
Balance, beginning of year	5,183,314	9.77	\$ 0.43	7,781,609	9.77	\$ 0.41
Granted	-	-	-	3,902,889	9.87	0.45
Released	(640,212)	9.65	0.40	(2,801,184)	9.65	0.40
Balance, end of period	4,543,102	9.71	\$ 0.42	8,883,314	9.72	\$ 0.43

**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

***Share purchase options***

CPM has a share option plan (the “Option Plan”) whereby the Board of Directors may grant options to acquire common shares to directors, officers, employees, or consultants. 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 Company’s 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 Company’s outstanding common shares at the time of grant, excepting consultants and investor relations persons which shall not exceed 2% of the Company’s 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 CPM’s 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 March 31, 2019 and 2018.

	March 31, 2019		March 31, 2018	
	Number of options	Weighted average exercise price (C\$)	Number of options	Weighted average exercise price (C\$)
<b>Balance, beginning of period</b>	<b>5,175,000</b>	<b>\$ 0.43</b>	<b>7,698,816</b>	<b>\$ 0.47</b>
Exercised	-	-	(823,816)	0.40
Forfeited	(125,000)	0.42	(1,750,000)	0.42
Expired	-	-	(200,000)	0.40
<b>Balance, end of period</b>	<b>5,050,000</b>	<b>\$ 0.43</b>	<b>4,925,000</b>	<b>\$ 0.43</b>
<b>Exercisable share purchase options</b>	<b>3,633,331</b>	<b>\$ 0.43</b>	<b>2,308,333</b>	<b>\$ 0.43</b>

A summary of common share options outstanding as at March 31, 2019 is as follows:

Exercise price per share (C\$)	Number of awards vested and exercisable	Weighted average remaining contractual life (yrs)	Number of share purchase options	Weighted average exercise price (C\$)
\$0.40 - 0.41	641,666	2.23	975,000	\$ 0.40
0.42 - 0.43	1,541,665	2.45	2,275,000	0.42
0.44 - 0.45	1,450,000	2.43	1,800,000	0.45
<b>Share purchase options outstanding, end of period</b>	<b>3,633,331</b>	<b>2.41</b>	<b>5,050,000</b>	<b>\$ 0.43</b>

**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

On May 2, 2018, the Company granted 250,000 options to purchase common shares to a director. All options are exercisable over a period of two years at a price of C\$0.41 per common share and were fully vested on June 20, 2018. The fair value of the options granted May 2, 2018 was estimated on the date of grant using the Black-Scholes option pricing model. The Company assumed a 7.36% 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	C\$0.36
Exercise price per common share	C\$0.41
Risk-free interest rate	1.93%
Expected volatility	65.77%
Expected dividend yield	0%
Expected life (years)	1.13

Share based compensation for the three months ended March 31, 2019 was \$33,725 (three months ended March 31, 2018, \$15,446), of which \$23,193 (three months ended March 31, 2018, \$39,778) was charged to expense in the Consolidated Statement of Loss and \$10,532 (three months ended March 31, 2018, \$11,468) was capitalized in mineral properties. The offsetting credit was recorded as contributed surplus.

**Note 9. Finance Expense**

Finance expenses are as follows:

	<b>Three Months Ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Interest expense	\$ 307,742	\$ 439,961
Non-resident Canadian withholding tax	110,932	-
<b>Total finance expenses</b>	<b>\$ 418,674</b>	<b>\$ 439,961</b>

**Note 10. Income Taxes**

CPM did not have any transactions during the three months ended March 31, 2019 that triggered the recognition of an income tax recovery or income tax expense.

**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

---

**Note 11. 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. CPM's loss per share for the three months ended March 31, 2019 was nil (three months ended March 31, 2018, \$0.02) and was based on the loss attributable to the common shareholders of \$1,124,311 (three months ended March 31, 2018, \$3,178,818), and the weighted average number of common shares outstanding for the three months ended March 31, 2019 of 248,175,094 (three months ended March 31, 2018, 193,586,531). The diluted loss per share did not include the effect of the following securities, as they are anti-dilutive:

As at	March 31, 2019	March 31, 2018
Number of share purchase warrants	750,000	750,000
Number of restricted share units	4,543,102	8,883,314
Number of share purchase options	5,050,000	4,925,000
	<b>10,343,102</b>	<b>14,558,314</b>

**Note 12. Related Party Transactions**

CPM's related parties include CPM's 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 Services Agreement with Emerald Peak Minerals, LLC ("Emerald Peak") 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 D'Ambrosio, the former Chief Executive Officer, 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%.

Effective March 1, 2019, the Company purchased all of the membership interests of Emerald Peak held by both the Estate of Jeff Gentry, and Lance D'Ambrosio (former directors and officers of the Company) for \$349,452. Peak Minerals also received an assignment of membership interests and that portion of the capital account attributable to the purchased interests, but did not receive the rights to their combined 4.5% future overriding royalties. As a result, Emerald Peak, became a direct, wholly-owned subsidiary of the Company. Emerald Peak's capital was then reduced to zero and the mineral leases, previously held by Emerald Peak, were transferred to Peak Minerals. The LLC was dissolved in the second quarter of 2019 (see Note 6).

**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

***Directors and Officers***

During the three months ended March 31, 2019 and March 31, 2018, compensation paid or payable to key management personnel was as follows:

	Three Months Ended	
	March 31, 2019	March 31, 2018
Salaries, benefits, and compensation	\$ 211,899	\$ 473,132
Director fees	81,250	-
Share-based compensation	14,083	(1,039)
Compensation related to restricted share units	190,835	881,521
<b>Total director and officer compensation</b>	<b>\$ 498,067</b>	<b>\$ 1,353,614</b>

***EMR***

During the three months ended March 31, 2019 and 2018, the Company entered into certain agreements with EMR, the Company's largest shareholder, in respect of convertible loans (See Note 7).

**Note 13. Commitments and Contingencies**

***LUMA Minerals LLC***

Effective July 15, 2011, Peak Minerals and LUMA entered into a cooperative development agreement (the "LUMA Agreement") 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 ("BLM") 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 – 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 LUMA's 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.

Effective August 31, 2018, the Company obtained an exclusive option ("the Option") to purchase all of the LUMA leases for \$1.00 for each of the leases. The Company paid to LUMA a total of \$2,000,000, composed of \$1,000,000 in cash and 4,283,882 common shares (equal in value to \$1,000,000) of the Company. Pursuant to the Option, Crystal Peak has a period of two years from the date the BLM issues a "notice to proceed" to exercise the Option. LUMA will be entitled to a 1.25% overriding royalty on all production from the leases.

**Crystal Peak Minerals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2019 and 2018**  
**(Unaudited and Expressed in US Dollars)**

---

*Office Lease*

CPM leases office space located in Salt Lake City, Utah pursuant to a lease that expires on June 30, 2021. This lease has been accounted for as an operating lease.

The future minimum lease payments are as follows:

Minimum lease payments as at	March 31, 2019	March 31, 2018
Not later than 1 year	\$ 110,426	\$ 23,463
Later than 1 year but less than five years	142,213	-
	<b>\$ 252,639</b>	<b>\$ 23,463</b>

**Note 14. Subsequent Events**

*Private Placement*

Effective May 2, 2019, the Company closed a private placement with EMR, wherein the Company issued EMR 39,215,686 units at a price of C\$0.17 per unit for gross proceeds of C\$6,666,666. Each unit is composed of one common share, and one-half of one common share purchase warrant for an aggregate of 39,215,686 common shares and 19,607,843 warrants. Each warrant entitles EMR to subscribe for one common share at a price of C\$0.21 per share for a period of 18 months following closing.