CRYSTAL PEAK MINERALS INC.

CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

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April 21, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying 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 (“IASB”). 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, the Financial Statements, and the auditors’ report. 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	*/s/ Blake Measom*
John G. Mansanti, CEO	Blake Measom, CFO

Independent auditor's report

To the Shareholders of Crystal Peak Minerals Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Crystal Peak Minerals Inc. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

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

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.

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Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

(signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
April 21, 2020

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

Nature of Operations and Going Concern (Note 1)

As at		December 31, 2019		December 31, 2018
ASSETS				
Current				
Cash and cash equivalents	$	1,018,643	$	4,314,583
Receivables		18,358		22,547
Prepaid expenses		9,536		9,536
		1,046,537		4,346,666
Non-current				
Restricted cash (Note 4)		43,662		71,695
Property, plant and equipment, (Note 5)		84,079,509		134,754
Interest in mineral properties-exploration and evaluation (Note 6)		-		73,010,174
Investment in associate (Note 7)		-		6,149,484
	$	**85,169,708**	**$**	**83,712,773**
LIABILITIES				
Current				
Trade and other payables (Note 8)	$	892,587	$	1,544,256
Interest payable		1,054,410		1,596,636
Convertible debt (Note 9)		10,000,000		12,000,000
		11,946,997		15,140,892
Non-current				
Convertible debt (Note 9)		-		9,949,217
Derivative liability, convertible debt (Note 9)		-		27,307
Repurchase obligation (Note 9)		1,500,000		1,296,434
Provisions for environmental rehabilitation obligations (Note 10)		233,979		200,470
Warrant liability (Note 11)		4,511		-
		13,685,487		26,614,320
SHAREHOLDERS' EQUITY				
Voting common shares (Note 11)		96,808,358		77,836,357
Non-voting common shares (Note 11)		801,043		801,043
Share purchase warrants (Note 11)		-		37,717
Contributed surplus		7,283,686		7,515,114
Accumulated deficit		(32,919,000)		(28,601,912)
Foreign currency translation reserve		(489,866)		(489,866)
		71,484,221		57,098,453
	$	**85,169,708**	**$**	**83,712,773**

These Financial Statements are authorized for issue by the Board of Directors on April 21, 2020, and signed on the Company's 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, 2019 and 2018
(Expressed in US Dollars)

	Year Ended	
	December 31, 2019	**December 31, 2018**
EXPENSES (Note 15)		
General and administrative	$ 1,637,054	$ 2,005,114
Depreciation	2,217	5,213
Investor relations	406,837	320,255
Professional fees	771,058	1,024,370
Compensation related to restricted share units	223,207	2,504,620
Share-based compensation	94,021	94,255
	(3,134,394)	(5,953,827)
OTHER ITEMS		
Interest income	26,034	44,239
Change in fair value of derivative and warrant liability (Note 9, Note 11)	447,925	421,586
Accretion expense	(258,906)	(741,377)
Finance expenses (Note 12)	(1,366,629)	(2,310,716)
Net income (loss) of equity method investee (Note 7)	(441)	17,680
Foreign exchange loss (Note 19)	(30,677)	(20,420)
Loss on disposal of asset	-	(5,556)
Net loss before income taxes	(4,317,088)	(8,548,391)
Income taxes (Note 13)	-	-
Net loss	$ (4,317,088)	$ (8,548,391)
Comprehensive loss	$ (4,317,088)	$ (8,548,391)
Basic and diluted loss per share (Note 14)	$ (0.02)	$ (0.04)
Weighted average number of shares outstanding	283,068,532	206,870,263

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, 2019 and 2018
(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, 2019	**$ 77,836,357**	**$ 801,043**	**$ 37,717**	**$ 7,515,114**	**$ (28,601,912)**	**$ (489,866)**	**$ 57,098,453**
Net loss for the period ended December 31, 2019	-	-	-	-	(4,317,088)	-	(4,317,088)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(4,317,088)**	**-**	**(4,317,088)**
Share-based compensation (Note 11)	-	-	-	132,580	-	-	132,580
Compensation related to restricted share units (Note 11)	-	-	-	230,360	-	-	230,360
Common shares issued for repayment of convertible debt (Note 9)	12,000,000	-	-	-	-	-	12,000,000
Common shares issued for convertible debt interest payments (Note 9)	1,804,378	-	-	-	-	-	1,804,378
Common shares issued upon release of restricted share units (Note 11)	632,085	-	-	(632,085)	-	-	-
Common shares issued pursuant to private placement (Note 11)	4,535,538	-	-	-	-	-	4,535,538
Expired warrants (Note 11)	-	-	(37,717)	37,717	-	-	-
Balance as at December 31, 2019	**$ 96,808,358**	**$ 801,043**	**$ -**	**$ 7,283,686**	**$ (32,919,000)**	**$ (489,866)**	**$ 71,484,221**
Balance as at January 1, 2018	**$ 73,532,947**	**$ 801,043**	**$ 37,717**	**$ 6,891,292**	**$ (20,053,521)**	**$ (489,866)**	**$ 60,719,612**
Net loss for the period ended December 31, 2018	-	-	-	-	(8,548,391)	-	(8,548,391)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(8,548,391)**	**-**	**$ (8,548,391)**
Share-based compensation (Note 11)	-	-	-	139,327	-	-	139,327
Compensation related to restricted share units (Note 11)	-	-	-	2,504,620	-	-	2,504,620
Common shares issued upon acquisition of leases (Note 17)	1,000,000	-	-	-	-	-	1,000,000
Common shares issued upon release of restricted share units (Note 11)	1,915,279	-	-	(1,915,279)	-	-	-
Share options exercised (Note 11)	368,564	-	-	(104,846)	-	-	263,718
Common shares issued for convertible debt interest payment (Note 9)	1,019,567	-	-	-	-	-	1,019,567
Balance as at December 31, 2018	**$ 77,836,357**	**$ 801,043**	**$ 37,717**	**$ 7,515,114**	**$ (28,601,912)**	**$ (489,866)**	**$ 57,098,453**

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, 2019 and 2018
(Expressed in US Dollars)

	Year Ended December 31, 2019	Year Ended December 31, 2018
OPERATING ACTIVITIES		
Net loss before income taxes	$ (4,317,088)	$ (8,548,391)
Adjustments for:		
Depreciation	2,217	5,213
Share-based compensation	94,021	94,255
Compensation related to restricted share units	223,207	2,504,620
Accretion expense	258,906	741,377
Non-cash interest expense	1,262,153	1,916,597
Change in fair value of derivative and warrant liabilities	(447,925)	(421,586)
Share of net (income) loss of equity method investee	441	(17,680)
Loss on disposal of asset	-	5,556
Changes in working capital:		
Receivables	4,189	(7,036)
Prepaid expenses	-	(11,433)
Trade and other payables	(16,457)	344,326
Net cash used in operating activities	(2,936,336)	(3,394,182)
INVESTING ACTIVITIES		
(Increase) decrease in restricted cash (Note 4)	28,033	(71,695)
Additions to property, plant and equipment	(811,925)	(48,028)
Proceeds from disposal of asset	-	500
Additions to mineral properties	(4,536,379)	(9,195,429)
Net cash used in investing activities	(5,320,271)	(9,314,652)
FINANCING ACTIVITIES		
Proceeds from convertible debt	-	10,000,000
Proceeds from private placement	4,960,667	-
Proceeds from exercise of share options	-	263,718
Net cash provided by financing activities	4,960,667	10,263,718
Net change in cash and cash equivalents	(3,295,940)	(2,445,116)
Cash and cash equivalents, beginning of period	4,314,583	6,759,699
Cash and cash equivalents, end of period	**$ 1,018,643**	**$ 4,314,583**

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

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 a development-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 consolidated financial statements (the "Financial Statements") are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") 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 $13,124,422 convertible loan from EMR Capital (Note 20) will be repayable in January 2021 unless refinanced or converted into common shares by the note holder). There is also significant uncertainty as to the likely effects of the COVID-19 outbreak which may, among other things, impact our ability to raise further financing (Note 20).

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 accordance 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 April 21, 2020 by the Board of Directors.

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 April 2019 (Note 7).

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

Subsidiaries

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.

Associates

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 Company's 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. 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.

Cash and Cash Equivalents

Cash and cash equivalents 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;
- depreciation 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.

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 Company's share of an associate's profit or loss less any impairment in the value of the investment. The investment's carrying value is increased or decreased by the Company's proportionate share of the profit or loss of the associate and decreased by all dividends received by the Company from the associate. The Company's 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 Company's interest in an associate are recognized only to the extent that the Company has incurred legal or constructive obligations on behalf of the associate (Note 7).

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 incurred before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable 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 asset's 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.

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.

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.

Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive (loss) income ("FVTOCI"), or at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial assets and liabilities at FVTPL and FVTOCI

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the Consolidated Statement of Loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the Consolidated Statement of Loss in the period in which they arise. Where management has opted to measure a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive (loss) income. The Company measures its derivative, warrant, and repurchase obligation liabilities at FVTPL.

Elected investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income. The Company currently has no financial assets or liabilities measured at FVTOCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost less any impairment. The Company measures its cash, restricted cash, trade and other payables and convertible debt at amortized cost.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for trade receivables, based on the Company's historic default rates over the expected life of the trade receivables adjusted for forward-looking estimates.

The Company recognizes in the Consolidated Statement of Loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. The loss allowance was $nil as at December 31, 2019.

Recognition and derecognition

Financial assets and financial liabilities are recognized in the Consolidated Statement of Financial Position when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the Company transfers substantially all risks and rewards of ownership or the contractual rights to the cash flows expire. Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

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 "Loan Agreement") with EMR Capital Investment (No. 5B) Pte. Ltd., an affiliate of EMR Capital Resources Fund 1, LP ("EMR"), its largest shareholder, pursuant to which EMR lent CPM $12,000,000 (the "Loan").

On July 19, 2018 the Company entered into a second convertible loan agreement with EMR, pursuant to which EMR agreed to lend the Company up to $10,000,000 in two tranches (the "2018 Loan").

The conversion features of the Loan and the 2018 Loan meet the definition of a derivative liability instrument because the conversion features are 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 features do not meet the "fixed-for-fixed" criteria outlined in IAS 32. As a result, the conversion features of both the Loan and the 2018 Loan are required to be recorded as derivative liabilities recorded at fair value and marked to market each period, with the changes in fair value each period being reflected on the Consolidated Statement of Loss.

The Loan and the 2018 Loan each has an embedded derivative in relation to a voluntary prepayment option at no penalty. As the option 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.

Both loans were 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 loans are classified and measured at amortized cost using the effective interest method.

Repurchase Obligation

As part of the May 2, 2014 financing transaction (See Note 9), 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 prior to beginning production (see Note 9). 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 "RSU Plan"). 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. Such equity settled share-based payment transactions are not remeasured once the grant date fair value has been determined. The RSU compensation expense is recognized on a straight-line basis over the vesting period using a graded (accelerated) amortization schedule, 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 (loss) income or directly in equity, in which case the income tax is also recognized directly in other comprehensive (loss) 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 shareholders' equity 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 within equity attributable to the Company's 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.

Adoption of New Accounting Standards

IFRS 16, Leases ("IFRS 16") was adopted as of January 1, 2019. Until December 31, 2018, payments made under operating leases (net of any incentives received from the lessor) were required to be charged to profit or loss on a straight-line basis over the period of the lease under IAS 17, Leases. Effective for reporting periods beginning on or after January 1, 2019, IFRS 16 now requires operating leases to be recognized on the consolidated statement of financial position as a right-of-use asset and as a corresponding lease liability at the date at which the leased asset is available for use by the Company. Each lease payment is then to be allocated between the lease liability and finance cost, with the finance cost charged to comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is to be depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are to be initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is to be used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Subsequent to initial measurement, the liability would be reduced for payments made and increased for interest and remeasured to reflect any reassessment or modifications, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is to be reflected in the right-of-use asset, or comprehensive loss if the right-of-use asset is already reduced to zero. The right of use asset is recorded at the amount of the lease liability adjusted by the amount of any previously recognized prepaid or accrued lease payments related to that lease. Payments associated with short-term leases (12 months or less) and leases of low-value assets (less than $5,000) can continue to be recognized on a straight-line basis as an expense in comprehensive loss. IFRS 16 can be adopted on either a full retrospective basis or on a modified retrospective basis with the cumulative effect of applying the standard recognized as an adjustment to the opening accumulated deficit at the date of initial adoption.

The Company adopted IFRS 16 on a modified retrospective basis from January 1, 2019, with no restatement of comparatives, as permitted under the specific transitional provisions in the standard. As the adoption of this new standard has no material effect on the financial statements, no adjustments have been reflected in these financial statements on adoption of the standard. The Company only has one lease contract for its office space located in Salt Lake City, Utah, pursuant to a lease that expires on June 30, 2021. As at December 31, 2018 and December 31, 2019 the Company had the following obligations to make future minimum payments related to this lease:

(Expressed in US Dollars)

Minimum lease payments as at		**December 31, 2019**		**December 31, 2018**
Less than 1 year	$	112,770	$	109,749
Between 1 year and 2 years		57,218		109,749
Between 2 years and 3 years		-		60,240
	$	**169,988**	**$**	**279,738**

The monthly rental payments have been expensed as incurred within general and administrative expenses consistent with prior years.

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 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 in associates 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 Company's 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 Company's impairment analysis for its investment in mineral property on the Sevier Playa Project (including its investment in associates) was based on significant estimates and judgments as contained in the Feasibility Study (the "FS"). 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 Company's 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 management's 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 9 and 11).

Mineral Properties

Once the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company is required to stop recording exploration and evaluation expenditures under IFRS 6 *"Exploration for and evaluation of Mineral Properties",* test those exploration and evaluation expenditures for impairment, and reclassify those assets to development-stage mineral property accounts. Subsequent to reclassification these assets are accounted for under IAS 16 "Property, Plant and Equipment", and assessed for impairment based on the guidance in IAS 36 "Impairment of Assets" rather than IFRS 6. Since IFRS does not prescribe when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company must exercise judgment to determine when this occurs. In management's view this occurred at the end of the third quarter of 2019 following receipt of the Record of Decision from the U.S. Department of the Interior for its Sevier Playa project as this represents a major milestone in the continued development of this mineral property and significantly de-risks the project; on-playa construction is now authorized to begin; and, it enables the Company to accelerate financing and offtake arrangements. As a result, the exploration and evaluation assets were reclassified to development costs starting in the fourth quarter of 2019 (Notes 5 and 6).

Note 4. Restricted Cash

On June 26, 2018, Peak Minerals provided to the Utah Division of Oil, Gas and Mining ("DOGM") 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.

On August 7, 2019, DOGM released a portion of the funds related to the 2018 surety bond back to Peak Minerals in the amount of $28,300. During the year ended December 31, 2019, the Company accrued interest income totaling $267 on its restricted cash held with DOGM.

(Expressed in US Dollars)

Note 5. Property Plant, and Equipment

The property, plant, and equipment, balance consists of:

	Computers & equipment	Furniture & fixtures	Project equipment	Buildings	Mineral properties and development costs	Total
As at January 1, 2018						
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**
Year ended Dec 31, 2018						
Opening net book amount	$ 4,734	$ 7,482	$ 20,536	$ 80,464	$ -	$ 113,216
Additions	3,927	-	44,101	-	-	48,028
Disposals	-	(6,056)	-	-	-	(6,056)
Depreciation	(3,788)	(1,426)	(12,415)	(2,805)		(20,434)
Closing net book amount	**$ 4,873**	**$ -**	**$ 52,222**	**$ 77,659**	**$ -**	**$ 134,754**
As at December 31, 2018						
Cost	$ 41,597	$ 24,729	$ 405,923	$ 98,187	$ -	$ 570,436
Accumulated depreciation	(36,724)	(24,729)	(353,701)	(20,528)	-	(435,682)
Net book amount	**$ 4,873**	**$ -**	**$ 52,222**	**$ 77,659**	**$ -**	**$ 134,754**
As at January 1, 2019						
Cost	$ 41,597	$ 24,729	$ 405,923	$ 98,187	$ -	$ 570,436
Accumulated depreciation	(36,724)	(24,729)	(353,701)	(20,528)	-	(435,682)
Net book amount	**$ 4,873**	**$ -**	**$ 52,222**	**$ 77,659**	**$ -**	**$ 134,754**
Year ended Dec 31, 2019						
Opening net book amount	$ 4,873	$ -	$ 52,222	$ 77,659	$ -	$ 134,754
Transfer from mineral properties-exploration and evaluation	-	-	-	-	83,486,483	83,486,483
Additions	-	-	-	-	477,995	477,995
Depreciation	(2,218)	-	(14,700)	(2,805)	-	(19,723)
Closing net book amount	**$ 2,655**	**$ -**	**$ 37,522**	**$ 74,854**	**$ 83,964,478**	**$ 84,079,509**
As at December 31, 2019						
Cost	$ 41,597	$ 24,729	$ 405,923	$ 98,187	$ 83,964,478	$ 84,534,914
Accumulated depreciation	(38,942)	(24,729)	(368,401)	(23,333)	-	(455,405)
Net book amount	**$ 2,655**	**$ -**	**$ 37,522**	**$ 74,854**	**$ 83,964,478**	**$ 84,079,509**

During the year ended December 31, 2019, the Company recognized depreciation expense of $19,723 (year ended December 31, 2018, $20,434), of which $2,217 (year ended December 31, 2018, $5,213) was recognized as expense in the Consolidated Statement of Loss and $17,506 (year ended December 31, 2017, $15,221) was capitalized in interest in mineral properties.

(Expressed in US Dollars)

Note 6. Interest in Mineral Properties- exploration and evaluation

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. Following receipt of the Record of Decision from the U.S Department of the Interior for its Sevier Playa Project, the exploration and evaluation assets were reclassified to development costs within property, plant, and equipment (Note 5) commencing in the fourth quarter of 2019 as the technical feasibility and commercial viability of the Sevier Playa Project is considered to be demonstrable. This represents a major milestone in the continued development of this mineral property and significantly de-risks the project, authorizes on-playa construction to begin once Notice to Proceed is received, and enables the Company to accelerate financing and offtake arrangements.

Exploration and Evaluation Assets

	Acquisition costs	Planning and design	Field operations and expenses	Legal costs and environmental obligations	Engineering, permitting & technical reports	Total
As at January 1, 2018						
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**
Year ended December 31, 2018						
Opening net book amount	23,651,147	660,914	11,951,626	1,390,833	24,474,528	62,129,048
Additions	2,795,311	1,759	530,261	206,032	7,347,763	10,881,126
Closing net book amount	**26,446,458**	**662,673**	**12,481,887**	**1,596,865**	**31,822,291**	**73,010,174**
As at December 31, 2018						
Cost	26,446,458	662,673	12,481,887	1,596,865	31,822,291	73,010,174
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	**$ 26,446,458**	**$ 662,673**	**$ 12,481,887**	**$ 1,596,865**	**$ 31,822,291**	**$ 73,010,174**
As at January 1, 2019						
Cost	$ 26,446,458	$ 662,673	$ 12,481,887	$ 1,596,865	$ 31,822,291	$ 73,010,174
Accumulated amortization and impairment	-	-	-	-	-	-
Net book amount	**26,446,458**	**662,673**	**12,481,887**	**1,596,865**	**31,822,291**	**73,010,174**
Year endedDecember 31, 2019						
Opening net book amount	26,446,458	662,673	12,481,887	1,596,865	31,822,291	73,010,174
Additions	6,563,402	-	240,176	193,507	3,479,224	10,476,309
Transfer to property, plant, and equipment	(33,009,860)	(662,673)	(12,722,063)	(1,790,372)	(35,301,515)	(83,486,483)
Closing net book amount	**-**	**-**	**-**	**-**	**-**	**-**
As at December 31, 2019						
Cost	33,009,860	662,673	12,722,063	1,790,372	35,301,515	83,486,483
Transfer to property, plant, and equipment	(33,009,860)	(662,673)	(12,722,063)	(1,790,372)	(35,301,515)	(83,486,483)
Net book amount	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Included in additions to Exploration and Evaluation during 2019 is $6,149,043 transferred from Emerald Peak Minerals (Note 7).

(Expressed in US Dollars)

Note 7. 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), owned the remaining 60% of Emerald Peak. The Company's investment in Emerald Peak was 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 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 year ended December 31, 2019 the Company's share of net loss was $441, while the Company's share of net income was $17,680 for the year ended December 31, 2018.

Effective October 2018, the State of Utah introduced an annual royalty of the greater of 5% of production revenues allocated to the state leases and a $25,000 minimum annual royalty. Peak Minerals agreed to pay Emerald Peak Minerals the $25,000 for the 2018 minimum annual royalty.

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).

Investment as at January 1, 2018	**$**	**6,131,804**
Share of net income		17,680
Investment as at December 31, 2018	**$**	**6,149,484**
Share of net income		(441)
Transfer of asset to Peak Minerals		(6,149,043)
Investment as at December 31, 2019	**$**	**-**

(Expressed in US Dollars)

Emerald Peak's summarized balance sheet as at December 31, 2018, is included below:

As at		**December 31, 2018**
Current		
Cash and cash equivalents	$	4,802
Total current assets		4,802
Non-current		
Interest in mineral properties		1,368,454
Net assets		1,373,256
Crystal Peak Minerals ownership interest		549,302
Fair value increment on acquisition of interest, net of foreign currency effects		5,600,182
Carrying value of investment	**$**	**6,149,484**

Emerald Peak's summarized income for the periods ended February 29, 2019 and December 31, 2018, is included below:

		Period Ended		
		February 29, 2019		**December 31, 2018**
Revenue	$	-	$	65,000
Profit (loss) from operations		(1,103)		44,200
Total income (loss)	$	(1,103)	$	44,200

Note 8. Trade and Other Payables

Trade and other payables consist of:

As at		**December 31, 2019**		**December 31, 2018**
Trade payables	$	779,146	$	1,473,853
Social security and other taxes payable		10,827		4,538
Accrued expenses		102,614		65,865
	$	892,587	$	1,544,256

(Expressed in US Dollars)

Note 9. Borrowings and Related Financial Liabilities

Borrowings and related financial liabilities consist of:

	Repurchase obligation	Convertible debt, host	Derivative liability in convertible debt	Total
As at January 1, 2018	$ 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)
As at December 31, 2018	**$ 1,296,434**	**$ 21,949,217**	**$ 27,307**	**$ 23,272,958**
Repayment of convertible debt	-	(12,000,000)	-	(12,000,000)
Accretion	203,566	50,783	-	254,349
Change in fair value	-	-	(27,307)	(27,307)
As at December 31, 2019	**$ 1,500,000**	**$ 10,000,000**	**$ -**	**$ 11,500,000**

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 had an exercise price of C$0.36 per common share and expired unexercised on 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, being the estimated fair value of this obligation at December 31, 2019 (December 31, 2018 - $1,296,434). Management expects that the production fee agreement will be bought out prior to commencement of production.

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 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.

(Expressed in US Dollars)

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 (Note 12).

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 amount 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 $212,748 in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the Loan Agreement (which was accrued in 2018, Note 12).

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.

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

Black-Scholes option pricing model assumptions	**Loan inception June 30, 2017**
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)
Value assigned to convertible debt	**$**	**11,409,431**

The changes in the convertible debt are as follows:

Convertible debt balance as at December 31, 2018	$	12,000,000
Conversion of principal into common shares		(12,000,000)
Convertible debt balance as at December 31, 2019	**$**	**-**

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 matured on January 19, 2020 (Note 20), and bore interest at the rate of 12%, compounded quarterly. The principal amount of the 2018 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$0.50. In addition, interest on the 2018 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.

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:

(Expressed in US Dollars)

Black-Scholes option pricing model assumptions	**Tranche 1 inception July 19, 2018**	**December 31, 2018**	**December 31, 2019**
Market price	C$0.31	C$0.17	C$0.055
Conversion price per common share	C$0.50	C$0.50	C$0.50
Risk-free interest rate	1.92%	1.86%	1.69%
Expected volatility	25.50%	25.84%	47.14%
Expected dividend yield	0%	0%	0%
Expected life (years)	1.50	1.083	0.083

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)
Value assigned to convertible debt	**$**	**4,959,568**

The changes in the convertible debt are as follows:

Opening balance	$	-
Value assigned to convertible debt		4,959,568
Accretion		13,441
Convertible debt balance as at December 31, 2018		**4,973,009**
Accretion		26,991
Convertible debt balance as at December 31, 2019	**$**	**5,000,000**

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)
Balance as at December 31, 2018		**-**
Change in fair value of derivative liability		-
Balance as at December 31, 2019	**$**	**-**

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:

(Expressed in US Dollars)

Black-Scholes option pricing model assumptions	**Tranche 2 inception October 29, 2018**	**December 31, 2018**	**December 31, 2019**
Market price	C$0.225	C$0.17	C$0.055
Conversion price per common share	C$0.50	C$0.50	C$0.50
Risk-free interest rate	2.25%	1.86%	1.69%
Expected volatility	40.50%	40.71%	47.14%
Expected dividend yield	0%	0%	0%
Expected life (years)	1.30	1.083	0.083

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)
Value assigned to convertible debt	**$**	**4,970,278**

The changes in the convertible debt are as follows:

Opening balance	$	-
Value assigned to convertible debt		4,970,278
Accretion		5,930
Convertible debt balance as at December 31, 2018		**4,976,208**
Accretion		23,792
Convertible debt balance as at December 31, 2019	**$**	**5,000,000**

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		(2,415)
Balance as at December 31, 2018		**27,307**
Change in fair value of derivative liability		(27,307)
Balance as at December 31, 2019	**$**	**-**

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 $104,476 in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the 2018 Loan Agreement.

Interest in the amount of $1,054,410 was compounded and outstanding as at December 31, 2019.

(Expressed in US Dollars)

Note 10. Provision for Environmental Rehabilitation

In connection with the Company's 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, 2018	**$**	**192,903**
Additions		2,215
Accretion		5,352
Balance as at December 31, 2018	**$**	**200,470**
Additions		28,952
Accretion		4,557
Balance as at December 31, 2019	**$**	**233,979**

Note 11. 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, 2018	**194,211,531**	**2,466,947**	**$ 73,532,947**	**$ 801,043**
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	-
Balance as at December 31, 2018	**209,090,930**	**2,466,947**	**$ 77,836,357**	**$ 801,043**
Common shares issued for convertible debt interest payments	12,033,982	-	1,804,378	-
Common shares issued for repayment of convertible debt	29,201,455	-	12,000,000	-
Restricted share units released	1,941,175	-	632,085	-
Common shares issued pursuant to private placement	39,215,686	-	4,535,538	-
Balance as at December 31, 2019	**291,483,228**	**2,466,947**	**$ 96,808,358**	**$ 801,043**

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 $263,718 (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.

(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 repay 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 $104,476 (C$139,608) in non-resident Canadian withholding tax to CRA related to the interest payment, pursuant to the 2018 Loan Agreement.

On 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 $4,960,667 (C$6,666,667). 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 (the "EMR Warrants"). Each full 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. The fair values of the EMR Warrants were used to determine the financing proceeds allocated to the equity components based on relative fair values. A discount of 15% was applied to account for the four-month hold-back period, as required by the TSX Venture Exchange. As the warrants do not meet the "fixed-for-fixed" criteria outlined in IFRS 9, they are classified as a derivative financial liability, and re-valued each reporting period. The following table outlines the assumptions used to calculate the fair value of the EMR Warrants.

Black-Scholes option pricing model assumptions	**Private placement inception May 2, 2019**	**December 31, 2019**
Market price	C$0.18	C$0.05
Subscription price per common share	C$0.21	C$0.21
Risk-free interest rate	1.61%	1.69%
Expected volatility	48.84%	63.21%
Expected dividend yield	0%	0%
Expected life (years)	1.50	0.92

Components associated with the transaction on the closing date.

Fair market value of common shares	$	4,535,538
Warrant liability		425,129
Gross Proceeds	**$**	**4,960,667**

Changes in the warrant liability are as follows:

Opening balance	$	-
Fair value assigned at private placement inception		425,129
Change in fair value of warrant liability		(420,618)
Balance as at December 31, 2019	**$**	**4,511**

(Expressed in US Dollars)

On August 28, 2019, RSU vesting requirements were met and 1,300,963 common shares were released to an employee and officer of the Company.

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 entitled the holder to acquire one voting common share at a price of C$0.36 per common share until May 2, 2019. The Extract Warrants expired in 2019 without being exercised.

The following is a summary of the common share purchase warrants outstanding as at December 31, 2019:

	Weighted average remaining contractual life (yrs)	Number of share purchase warrants	Weighted average exercise price (C$)
EMR Warrants	0.92	19,607,843	$ 0.21
Share purchase warrants outstanding, end of period	**0.92**	**19,607,843**	**$ 0.21**

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.

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, vesting requirements were met and 640,212 common shares were released to certain directors.

On October 31, 2019, the Company granted an aggregate of 1,340,000 RSUs to certain employees and contractors. The RSUs will vest in three equal annual installments on the first, second, and third anniversaries of the RSU grant.

(Expressed in US Dollars)

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

	December 31, 2019				December 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 period	**5,183,314**	**9.00**	**$**	**0.43**	**7,781,609**	**9.77**	**$**	**0.41**
Granted	1,340,000	9.83		0.13	3,902,889	9.01		0.45
Released	(1,941,175)	8.00		0.42	(6,501,184)	9.65		0.40
Balance, end of period	**4,582,139**	**8.52**	**$**	**0.25**	**5,183,314**	**9.00**	**$**	**0.43**

Compensation expense related to restricted share units for the year ended December 31, 2019 was $230,360 (year ended December 31, 2018, $2,504,620) of which $223,207 (year ended December 31, 2018, $2,504,620) was charged to expense in the Consolidated Statement of Loss and $7,153 (year ended December 31, 2018, $nil) was capitalized in mineral properties. The offsetting credit was recorded as contributed surplus.

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 periods ended December 31, 2019 and 2018.

	December 31, 2019			December 31, 2018		
	Number of options		Weighted average exercise price (C$)	Number of options		Weighted average exercise price (C$)
Balance, beginning of period	**5,175,000**	**$**	**0.43**	**7,698,816**	**$**	**0.42**
Granted	1,303,400		0.13	250,000		0.41
Exercised	-		-	(823,816)		0.40
Forfeited	(125,000)		0.42	(1,750,000)		0.42
Expired	(225,000)		0.40	(200,000)		0.40
Balance, end of period	**6,128,400**	**$**	**0.37**	**5,175,000**	**$**	**0.43**
Exercisable share purchase options	**4,291,669**	**$**	**0.43**	**641,666**	**$**	**0.40**

(Expressed in US Dollars)

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

Exercise price per share (C$)	Number of awards vested and exercisable	Weighted average remaining contractual life (yrs)	Number of share purchase options		Weighted average exercise price (C$)
$0.10 - 0.30	-	**4.84**	1,303,400	$	0.13
0.31 - 0.40	333,334	**2.87**	500,000		0.40
0.41 - 0.45	3,958,335	**1.63**	4,325,000		0.43
Share purchase options outstanding, end of period	**4,291,669**	**2.41**	**6,128,400**	**$**	**0.36**

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

On October 31, 2019, CPM granted 1,303,400 options to certain officers, employees, and consultants of the Company. All options are exercisable over a period of five years at a price of C$0.13 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 October 31, 2019 was estimated on the date of grant using the Black-Scholes option pricing model. The Company assumed a 6.50% 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$0.13
Exercise price per common share	C$0.13
Risk-free interest rate	1.47%
Expected volatility	74.00%
Expected dividend yield	0%
Expected life (years)	3.50

Share based compensation for the year ended December 31, 2019 was $132,580 (year ended December 31, 2018, $139,327), of which $94,021 (year ended December 31, 2018, $94,255) was charged to expense in the Consolidated Statement of Loss and $38,559 (year ended December 31, 2018, $45,072) was capitalized in mineral properties. The offsetting credit was recorded as contributed surplus.

(Expressed in US Dollars)

Note 12. Finance Expense

Finance expenses are as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Interest expense	$ 1,262,153	$ 1,916,597
Non-resident Canadian withholding tax	104,476	394,119
Total finance expenses	**$ 1,366,629**	**$ 2,310,716**

Note 13. Income Taxes

The Company's income tax expense for the years ended December 31, 2019 and December 31, 2018 consists of the following:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Loss before income taxes	$ (4,317,088)	$ (8,548,391)
Income tax recovery at combined federal and provincial rate of 27% (28.49%)	(1,165,613)	(2,435,436)
Foreign rate differences	50,822	166,724
Non-deductible expenses	104,788	238,122
Losses and temporary differences not recognized	1,010,003	2,030,590
Income tax	**$ -**	**$ -**

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

As at	December 31, 2019	December 31, 2018
Unrecognized deferred tax assets:		
Deductible temporary differences	$ 405,517	$ 522,262
Loss carryforwards	4,918,493	3,769,417
Share issuance costs	34,221	94,929
Repurchase obligation accretion	411,017	369,354
Cummulative eligible capital deductions	40,500	75,098
Derivative liability comonent of EMR loan	-	(6,688)
	$ 5,809,748	**$ 4,824,372**

The Company has C$5,079,241 (year ended December 31, 2018 C$2,749,486) of Canadian noncapital losses that will expire 2039, $8,412,285 (year ended December 31, 2018 $8,412,285) of U.S. noncapital losses that will expire between 2031 and 2037, and US noncapital losses of $5,827,085 (year ended December 31, 2018 $3,556,004) that have an unlimited life.

The utilization of the net operating loss carryforward in the US is dependent upon the tax laws in effect at the time the net operating loss can be utilized and may be significantly limited based on ownership changes as set forth in Section 382 of the Internal Revenue Code.

Note 14. 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 year ended December 31, 2019 was $0.02 (year ended December 31, 2018 was $0.04) and was based on the loss attributable to the common shareholders of $4,317,088 (year ended December 31, 2018, $8,548,391), and the weighted average number of common shares outstanding for the year ended December 31, 2019 of 283,068,532 (year ended December 31, 2018, 206,870,263).

The diluted loss per share did not include the effect of the following securities, as they are anti-dilutive:

As at	December 31, 2019	December 31, 2018
Number of share purchase warrants	19,607,843	750,000
Number of restricted share units	4,582,139	5,183,314
Number of share purchase options	6,128,400	5,175,000
Number of shares issued on conversion of convertible debt	25,976,000	27,284,000
	56,294,382	**38,392,314**

Convertible debt share calculations were performed in U.S. dollars but were converted to Canadian dollars based on a share conversation rate of C$0.50, and $1.2988 = C$0.7699 and $1.3642 = C$0.7330 which was The Bank of Canada nominal noon exchange rate as at December 31, 2019, and December 31, 2018 respectively.

Note 15. Expenses by Nature

	Year Ended			
		December 31, 2019		December 31, 2018
Salaries and benefits	$	979,736	$	1,247,665
Restricted share unit compensation		223,207		2,504,620
Office expenses		193,619		167,268
Director fees		341,250		340,000
Depreciation		2,217		5,213
Investor relations		406,837		320,255
Professional fees		771,058		1,024,370
Share-based compensation		94,021		94,255
Other expenses		122,449		250,181
	$	3,134,394	$	5,953,827

Note 16. 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.

(Expressed in US Dollars)

Directors and Officers

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Salaries, benefits, and compensation	$ 829,592	$ 1,160,900
Director fees	341,250	340,000
Share-based compensation	68,550	70,156
Compensation related to restricted share units	632,076	1,915,279
Total director and officer compensation	**$ 1,871,468**	**$ 3,486,335**

EMR

During the years ended December 31, 2019 and 2018, the Company entered into certain agreements with EMR, the Company's largest shareholder, in respect of convertible loans and a private placement (See Notes 9 and 11).

Note 17. 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 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 granted 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.

Note 18. Capital Management

When managing capital, the Company's 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 Company's 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 19. Financial Risk Factors

The Company's 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 Company's 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

Management believes that the currency risk concentration in respect of cash balances is minimal. As at December 31, 2019, the Company held cash balances of $1,018,643 (December 31, 2018, $4,314,583), of which $808,996 was held in U.S. dollars (December 31, 2018, $4,308,455) and $209,647 was held in Canadian dollars (December 31, 2018, $6,128). 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 counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash has been deposited with the Company's 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, 2019. 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 Company's future is dependent upon its ability to obtain sufficient cash from external financing and related parties in order to fund its ongoing permitting and engineering work and ultimate project development and construction. The Company's 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 (see Note 1). As at December 31, 2019, the Company had a cash balance of $1,018,643 (December 31, 2018, $4,314,593) to settle current liabilities of $11,946,997 (December 31, 2018, $15,140,892) of which $11,054,510 is related to the principal and outstanding accrued interest on the EMR debenture which was amended into a new loan on January 20, 2020 (see Note 20). As per Note 1, the Company also had committed expenditures (office lease) as at December 31, 2019, of $169,988 (as at December 31, 2018 – $279,738).

Fair Value Risk

As at December 31, 2019, the Company's financial instruments consisted of cash and cash equivalents, trade and other payables, interest payable, convertible debt, derivative and warrant liabilities, and the production repurchase obligation. The carrying amounts 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 and warrant liabilities and repurchase obligation are recorded at fair value (See Notes 9 and 11).

Fair value measurements recognized in the Consolidated Statement of Financial Position 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 and warrant liability are 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, 2019.

Note 20. Subsequent Events

Share Release

On January 15, 2020, RSU vesting requirements were met and 640,213 common shares were released to certain directors.

Convertible Debt

On January 20, 2020, the Company revised and amended the 2018 Loan. The Company entered into a revised convertible loan agreement ("2020 Loan") with EMR, pursuant to which EMR agreed to lend the Company $13,124,422. Proceeds from the 2020 Loan were used to repay the $10,000,000 principal and $1,124,421 accrued interest amounts under the 2018 Loan. The remaining $2,000,000 will be used for ongoing engineering and permitting activities and to fund general corporate costs. The 2020 Loan accrues interest at a rate of 12% per annum and matures in 12 months. The principal amount of the 2020 Loan, in whole or in part, is convertible into common shares (estimated issuance of 311,478,309 shares) of the Company at the option of the holder at a price of C$0.055 per common share.

Share Option Grant

On February 18, 2020, CPM granted 500,000 options to consultants of the Company. All options are exercisable over a period of five years at a price of C$0.10 per common share and shall vest in three equal annual installments on the first, second, and third anniversaries of the option grant.

COVID-19

In March 2020, the World Health Organization characterized the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19" as a global pandemic. This has resulted in the United States government enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business in the United States and around the world resulting in a global economic slowdown. Equity markets have experienced significant volatility and weakness and governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. There is significant uncertainty as to the likely effects of this outbreak which may, among other things, impact our ability to raise further financing. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments or quantify the impact this pandemic may have on the financial results and condition of the Company in future periods.