E3 METALS CORP

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

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NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

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

May 22, 2019

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Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars– Unaudited)

	Notes		March 31, 2019 (unaudited)		December 31, 2018 (audited)
Assets					
Current assets:					
Cash		**$**	**443,918**	$	347,547
Receivables	3		**18,750**		24,092
Prepaids			**5,897**		9,415
			468,565		381,054
Property and equipment	4		**17,664**		19,233
Right-of-use asset	5		**80,573**		-
Exploration and evaluation assets	8		**2,579,129**		2,511,076
		$	**3,145,931**	$	2,911,363
Liabilities and Shareholders' Equity					
Current liabilities:					
Trade payables and accrued liabilities	6	**$**	**227,687**	$	95,883
Due to related parties	11		**41,556**		22,465
Lease liability	8		**24,949**		-
Short-term loan			**1,038**		4,153
			295,230		122,501
Long-term liabilities					
Lease liability	8		**61,391**		-
			356,621		122,501
Shareholders' equity:					
Share capital	10		**18,101,271**		18,101,271
Common stock subscribed	14		**375,010**		-
Contributed surplus			**2,353,335**		2,309,094
Foreign currency reserve	10		**(75,370)**		(75,370)
Deficit			**(17,964,936)**		(17,546,133)
			2,789,310		2,788,862
		$	**3,145,931**	$	2,911,363

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

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

E3 METALS CORP

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars– Unaudited)

		Share Capital		Reserves				
	Notes	Number of Shares	Amount	Equity Reserve	Foreign Currency Reserve	Common stock subscribed	Deficit	Total Equity (Deficiency)
Balance, January 1, 2019		21,002,002	18,101,271	2.309,094	(75,370)	-	(17,546,133)	**2,788,862**
Shares to be issued	14	-	-	-	-	375,010	-	375,010
Share-based compensation	10	-	-	44,241	-	-	-	44,241
Foreign currency translation		-	-	-	-	-	-	-
Effect of change in accounting policy	2,8	-	-	-	-	-	(5,339)	(5,339)
Net loss for the period		-	-	-	-	-	(413,464)	(413,464)
Balance, March 31, 2019		**21,002,002**	**$ 18,101,271**	**$ 2,353,335**	**$ (75,370)**	**$ 375,010**	**$ (17,964,936)**	**$ 2,789,310**
Balance, January 1, 2018		16,679,909	16,672,893	1,875,197	(75,169)	20,000	(16,166,646)	**2,326,275**
Exercise of warrants	10	360,000	141,500	–	–	(20,000)	–	121,500
Shares issued for mineral property acquisition	9,10	350,000	140,000	–	–	–	–	140,000
Share-based compensation	10	–	–	15,720	–	–	–	15,720
Foreign currency translation		–	–	–	48	–	–	48
Net loss for the period		–	–	–	–	–	(282,064)	(282,064)
Balance, March 31, 2018		**17,389,909**	**$ 16,954,393**	**$ 1,890,917**	**$ (75,121)**	**$ –**	**$ (16,448,710)**	**$ 2,321,479**

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

Condensed Consolidated Interim Statements of Comprehensive Loss
For the three months ended March 31, 2019 and 2018
(Expressed in Canadian Dollars– Unaudited)

	Notes	2019	2018
Expenses:			
Wages and benefits		**$ 106,490**	$ 127,596
Consulting fees		**72,791**	23,978
Professional fees		**55,877**	25,252
Marketing expenses		**53,104**	29,923
Share-based compensation	10	**44,241**	15,720
General and administrative		**39,475**	45,312
Travel expenses		**18,593**	16,593
Regulatory and transfer agent fees		**13,238**	5,496
Amortization	4,5	**7,930**	2,233
Interest on lease liability	8	**1,755**	-
Research and development		**-**	3,184
		(413,494)	(295,287)
Amortization of flow-through premium liability	7	**-**	13,700
Flow-through taxes	7	**-**	(477)
Net loss for the period		**(413,494)**	(282,064)
Exchange gain on translating foreign operations		**30**	48
Comprehensive loss for the period		**$ (413,464)**	$ (282,016)
Loss per common share Basic and diluted		**$ (0.02)**	$ (0.02)
Weighted average number of common shares outstanding –Basic and diluted		**22,002,002**	17,141,020

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

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Condensed Consolidated Interim Statements of Cash Flows
For the three months ended March 31, 2019 and 2018
(Expressed in Canadian Dollars -Unaudited)

		2019		2018
Cash provided by (used in):				
Operating:				
Comprehensive loss for the period	**$**	**(413,464)**	$	(282,064)
Items not affecting cash				
Amortization of property and equipment		**1,569**		2,233
Amortization of lease asset		**6,361**		-
Amortization of flow-through premium liability		**-**		(13,700)
Share-based compensation		**44,241**		15,720
Reclassification of right-of-use interest expense		**1,755**		-
Lease expense		**(5,934)**		-
Change in non-cash working capital:				
Receivables		**5,342**		9,894
Prepaids		**3,518**		504
Trade payables and accrued liabilities		**131,805**		(37,296)
Due to related parties		**19,091**		3,008
Net cash used in operating activities		**(205,716)**		(301,701)
Investing:				
Exploration and evaluation assets		**(68,053)**		(97,045)
Short-term loan		**(3,115)**		-
Right-of-use asset		**(1,755)**		-
Net cash used in investing activities		**(72,923)**		(97,045)
Financing:				
Common stock subscribed		**375,010**		-
Exercise of warrants		**-**		121,500
Net cash provided by financing activities		**375,010**		121,500
Effect of foreign exchange		**-**		48
Change in cash		**96,371**		277,198
Cash, beginning		**347,547**		608,428
Cash, ending	**$**	**443,918**	$	331,230

See Note 12 for supplementary cash flow disclosures

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

1. NATURE AND CONTINUANCE OF OPERATIONS

E3 Metals Corp. ("E3 Metals" or the "Company") was incorporated on August 19, 1998 under the laws of British Columbia. The Company's shares trade on the TSX Venture Exchange (the "Exchange") under the symbol "ETMC".

The Company's head office and principal address is 205 - 227 10 St NW, Calgary, Alberta, T2N 1V5. The registered office is Suite 400-725 Granville Street, Vancouver, BC, V7Y 1G5.

E3 Metals is a resource company with mineral properties in Canada that is currently focused on technology development for lithium extraction from Alberta petro-brines. The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its property, and upon future profitable production or proceeds from disposition of the properties.

These condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

These condensed consolidated interim financial statements do not give effect to any adjustments to the amounts or classification of assets and liabilities, which might be necessary should the Company be unable to continue in existence.

As at March 31, 2019, the Company has not generated any revenues from operations and has an accumulated deficit of $17,964,936 (December 31, 2018 - $17,546,133) including a net loss of $413,464 (2018 - $282,016) incurred during the three months ended March 31, 2019.

The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company may continue to have capital requirements in excess of its currently available resources. The Company will require financing in the future to continue in business, and there can be no assurance that such financing will be available or, if available, that it will be on reasonable terms.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements were authorized for issue on May 22, 2019 by the directors of the Company.

Basis of Presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using International Accounting Standard ("IAS") 34: Interim Financial Reporting. These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at their estimated fair value. They do not contain all disclosures required by IFRS for annual financial statements and, accordingly, should be read in

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (Con't)

conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2018. The consolidated financial statements have been prepared using the same accounting policies and methods as the consolidated financial statements for the year ended December 31, 2018, except for IFRS 16 - Leases which was adopted on January 1, 2019.

Consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and its controlled subsidiaries. Subsidiaries are all corporations over which the Company is able directly or indirectly, to control the financial and operational policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

		Percentage owned	
	Country of incorporation	March 31, 2019	December 31, 2018
1975293 Alberta Ltd.	Canada	100%	100%
0904254 BC Ltd.	Canada	100%	100%
Mexigold Resources SA de CV ("MAU Mexico") (1)	Mexico	100%	100%

(1) E3 Metals owns 99% and 0904254 BC owns 1% of MAU Mexico, which is an inactive company. 0904254 BC Ltd was also dissolved in 2018.

Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful life of property and equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the valuation of right-of-use assets, the valuation of lease liabilities and recoverability and measurement of deferred tax assets.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (Con't)

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the discount rate used to in the valuation of the right-of use asset and lease liability;
- the classification of financial instruments; and
- the determination of the functional currency of the Company and its subsidiaries.

Significant Accounting Policies

These condensed interim financial statements follow the same accounting principles and methods of application of those disclosed in Note 2 of the Company's annual Financial Statements as at and for the year ended December 31, 2018, with the exception of "Leases" policy which are amended below.

Changes in Accounting Policies

On January 1, 2019, the Company adopted the new IASB Lease Standard IFRS 16 - Leases. IFRS 16 requires that former operating leases be capitalized and recognized on the consolidated balance sheet by the lessee. Lease assets and liabilities are initially measured at the present value of the unavoidable lease payments and amortized over the lease term. The Company adopted IFRS 16 using a modified retrospective approach (see Note 5). The modified retrospective approach does not require restatement of prior period financial information and recognizes the cumulative effect of IFRS 16 prior to January 1, 2019 as an adjustment to the opening retained deficit and applies the standard prospectively. On adoption, the Company also elected to apply the following methods as permitted under the standard:

- Leases with terms ending within 12 months are recognized as short-term leases.
- Short-term leases and leases of low value assets that have been identified are not recognized on the consolidated statement of financial position. Expenses for these leases are recognized as incurred with the amounts disclosed in the notes to the consolidated financial statements.
- The provision for leases previously recognized was applied to the value of the associated right-of-use asset. In this case, no impairment assessment was performed under IAS 36 Impairment.

3. RECEIVABLES

Receivables consist of input tax credits due to the Company.

(Expressed in Canadian Dollars - Unaudited)

4. PROPERTY AND EQUIPMENT

	Computer Equipment	Furniture	Software Licenses	Leasehold Improvements	Total
Cost:					
At December 31, 2018	$ 26,680	$ 2,760	$ 26,300	$ 14,768	$ 64,508
At March 31, 2019	**$ 26,680**	**$ 2,760**	**$ 26,300**	**$ 14,768**	**$ 64,508**
Amortization:					
At December 31, 2018	$ 13,402	$ 773	$ 26,300	$ 4,800	$ 45,275
Amortization	856	98	-	615	1,569
At March 31, 2019	**$ 14,258**	**$ 871**	**$ 26,300**	**$ 5,415**	**$ 46,844**
Net book value:					
At December 31, 2018	$ 13,278	$ 1,987	$ -	$ 9,968	**$** 19,233
At March 31, 2019	**$ 12,422**	**$ 1,889**	**$ -**	**$ 9,353**	**$ 17,664**

5. RIGHT-OF-USE ASSETS

At December 31, 2018	$ -
Classification of right-of-use asset	127,221
Previously recognized amortization of asset	(40,287)
Current period amortization	(6,361)
At March 31, 2019	**$ 80,573**

Upon adoption, the Company recognized a right-of-use asset of $127,221 relating to its head office lease. The asset was measured at the present value of the remaining lease payments using an assumed incremental borrowing rate of 8.0%. The Company netted the previously recognized office lease provision of $40,287 against the associated right-of use asset on January 1, 2019. An adjustment to the opening retained deficit of $5,339 was recognized as a result of using the modified retrospective approach.

(Expressed in Canadian Dollars - Unaudited)

6. TRADE PAYABLES AND ACCRUED LIABILITIES

	March 31, 2019	December 31, 2018
Exploration payables	**$ 6,617**	$ 52,459
Trade payables	**205,070**	25,617
Accrued liabilities	**16,000**	17,807
	$ 227,687	**$ 95,883**

7. FLOW-THROUGH PREMIUM LIABILITY

	March 31, 2019	December 31, 2018
Balance, beginning of period	**$ -**	$ 71,029
Amortization of flow-through premium liability	**-**	(71,029)
Balance, end of period	**$ -**	**$ -**

8. LEASE LIABILITIES

Upon adoption, the Company recognized a lease liability of $121,992 within current and long-term liabilities relating to its head office lease. The liability was measured at the present value of the remaining lease payments using an assumed incremental borrowing rate of 8.0%. The Company netted the previously recognized office lease provision of $29,718 against the associated right-of use asset on January 1, 2019.

Liability:	
At December 31, 2018	$ -
Classification of initial liability	121,992
Previously recognized office lease provision	(29,718)
Current office lease provision	(5,934)
At March 31, 2019	**$ 80,573**

9. EXPLORATION AND EVALUATION ASSETS

Alberta Petro-Lithium Project

In 2017 the Company acquired a 100% interest in the Clearwater and Exshaw Petro-Lithium projects ("Alberta Petro-Lithium Project") covering the Leduc reservoir in south-central Alberta and comprised of 10 Alberta Metallic and Industrial Mineral Permits ("MIM Permits") totaling 87,965 hectares (879.65 square kilometers). The Company also acquired 64 additional MIM Permits during the year ended December 31, 2017.

The Company's properties are currently comprised of 74 MIM Permits, which includes the rights for lithium, totaling 587,665 hectares (5,845 square kilometers) that can be further sub-divided into five separate sub-properties, or groups of contiguous permits:

- Clearwater Sub-Property: 18 contiguous permits totaling 147,768 hectares;
- Exshaw Sub-Property: 17 contiguous permits totaling 133,735 hectares;
- Rocky Sub-Property: 29 contiguous permits totaling 234,973 hectares;
- Sunbreaker Sub-Property: 2 contiguous permits totaling15,678 hectares; and
- Drumheller Sub-Property: 8 contiguous permits totaling 55,511 hectares.

Clearwater

On July 10, 2017, the Company signed a Royalty Agreement pursuant to which it has agreed to pay to the royalty owner a perpetual production royalty equal to 2.25% (the "Royalty") of the gross proceeds from all products that are mined or extracted from seven specific Clearwater MIM permits.

The Company has the option, at any time before September 30, 2020, to purchase all or a portion of the royalty at a price of:

- \$600,000 for the entire 2.25% of the Royalty, or
- \$75,000 for each 0.25% of the Royalty, provided that the maximum amount to purchase the entire 2.25% of the Royalty will be \$600,000.

Exshaw

On August 9, 2017, the Company entered into a binding term sheet to acquire three MIM permits located in the Exshaw Project Area from Fathom Minerals Ltd. ("Fathom"), a private mineral exploration company. Pursuant to the terms of the Term Sheet, the Company will acquire (i) a 100% interest in the Permits and (ii) all technical data and reports related to the Permits in Fathom's possession, in consideration of:

- CAD \$35,000 (paid in December 31, 2017); and
- 350,000 common shares of the Company (issued in February 2018), (Note 9(i)).

(Expressed in Canadian Dollars - Unaudited)

9. EXPLORATION AND EVALUATION ASSETS (Con't)

The following table summarizes the Company's exploration and evaluation asset expenditures to March 31, 2019:

		Alberta Lithium Project
Acquisition Costs:		
Balance December 31, 2018	$	1,649,009
Balance March 31, 2019	**$**	**1,649,009**
Exploration Costs:		
Balance, December 31, 2018	$	862,067
Research and development consulting		45,625
Geochemistry analysis		4,643
Capitalized expenses		17,785
Balance, March 31, 2019	**$**	**930,120**
Total, December 31, 2018	$	2,511,076
Total, March 31, 2019	**$**	**2,579,129**

10. SHARE CAPITAL

Authorized share capital

Unlimited common shares with no par value.

Issued and outstanding

	Number of Shares
Balance at December 31, 2018	21,002,002
Balance at March 31, 2019	**21,002,002**

There were no share capital transactions during the three months ended March 31, 2019.

As at March 31, 2019, an aggregate $375,010 was raised on financings which closed subsequent to period end (Note 14).

(Expressed in Canadian Dollars - Unaudited)

10. SHARE CAPITAL (Con't)

Escrow Shares

Under the escrow agreements dated May 30, 2017, 6,000,000 shares issued to the former shareholders of the Alberta Co. were placed in escrow. 10% of the escrowed common shares were released from escrow on the date of the closing of the Transaction (the "Initial Release") and an additional 15% will be released every six months following the Initial Release over a period of thirty-six months. As at March 31, 2019, a total of 2,700,000 (December 31, 2018 – 2,700,000) common shares were held in escrow.

Share Purchase Warrants

The issuances of the share purchase warrants are summarized as follows:

	Number of warrants
Balance at December 31, 2018	4,273,150
Balance at March 31, 2019	**4,273,150**

The share purchase warrants outstanding and exercisable as at March 31, 2019:

Grant date	Number of warrants outstanding	Exercise price		Expiry date	Weighted average life of warrants (years)	Number of warrants exercisable
May 30, 2017	575,000	$	0.30	April 19, 2020	1.05	575,000
December 29, 2017	80,400	$	1.00	June 29, 2019	0.25	80,400
August 20, 2018	3,232,500	$	0.40	August 20, 2019	0.39	3,232,500
August 20, 2018	67,750	$	0.40	August 20, 2019	0.39	67,750
December 19, 2018	307,500	$	0.60	June 18, 2020	1.22	307,500
December 19, 2018	10,000	$	0.60	June 18, 2020	1.22	10,000
	4,273,150	**$**	**0.41**		**0.54**	**4,273,150**

Stock options

The Company adopted a 10% rolling stock option plan (the "Plan") that enables management to grant options to directors, officers, employees and other service providers. The Company follows the policies of the Exchange where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price and the vesting conditions of the options.

Options granted fully vest on the date of grant, except for options issued to consultants which vest in stages over 12 months with no more than 25% of the options vesting in any 3 month period.

(Expressed in Canadian Dollars - Unaudited)

10. SHARE CAPITAL (Con't)

Stock options *(con't)*

A summary of the Company's stock option transactions is presented below:

	Number of Options
Balance at December 31, 2018	1,885,000
Balance at March 31, 2019	**1,885,000**

The share options outstanding and exercisable as at March 31, 2019:

Grant date	Number of Options outstanding	Exercise price	Expiry date	Number of Options exercisable
June 14, 2017	75,000	$ 0.40	June 14, 2020	75,000
June 27, 2017	400,000	$ 0.40	June 27, 2019	400,000
November 7, 2017	595,000	$ 0.40	November 7, 2019	510,000
August 21, 2018	640,000	$ 0.40	August 21, 2021	91,250
December 27, 2018	175,000	$ 0.40	December 27, 2021	87,500
	1,885,000			**1,248,750**

The weighted average life of options outstanding is 1.36 years.

During the three months ended March 31, 2019, the Company recorded $44,241 (2018 - $15,720) in share-based compensation expense for the options granted in 2018 and vested during the period. There were no new stock options granted during the first quarter ended March 31, 2019.

Reserves

Contributed surplus records items recognized as share-based payments and value attributed to warrants until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Foreign currency reserve records exchange differences arising from translation of the Company's Mexican subsidiary's' results and financial position from their functional currencies into the presentation currency.

(Expressed in Canadian Dollars - Unaudited)

11. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

During the three months ended March 31, 2019 and 2018, the remuneration of the key management personnel were as follows:

Three months ended March 31,		**2019**		2018
Management salaries and benefits(i)	**$**	**72,500**	**$**	75,400
Consulting fees (ii)		**21,600**		-
Share-based compensation (iii)		**10,278**		7,821
Total	**$**	**104,378**	**$**	**83,221**

(i) On May 30, 2017, the Company entered into employment agreements with the CEO and the VP of Project Development of the Company that ratify annual compensation of $145,000 plus benefits for each individual. During the three months ended March 31, 2019, the Company paid gross management salaries of $72,500 (2018 - $75,400) pursuant to these agreements.

(ii) On May 10, 2018, the Company entered into an agreement with the CFO Centre Limited to provide part-time CFO services on a contract basis. For the period ended March 31, 2019, the Company paid $21,600 (2018 - $Nil) in consulting fees.

(iii) The Company recognized $10,278 of shares-based compensation during the period ended March 31, 2019 (2018 - $7,821) on the vested portion of stock options granted to directors and officers.

(iv) At March 31, 2019, a total of $41,556 (December 31, 2018 - $22,465) was due to a director and officers of the Company or their related companies for reimbursement of travel and project related expenses and consulting fees. The amounts were paid subsequent to March 31, 2019.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the three months ended March 31, 2019 and 2018 included:

- Fair value of shares issued for acquisitions of mineral properties of $nil (2018 - $140,000); and
- Valuation of the right-of-use asset of $80,574 (2018 - $nil) and lease liabilities $86,340 (2018 - $nil)

13. FINANCIAL RISK AND CAPITAL MANAGEMENT

As at March 31, 2019, the Company's financial instruments include cash, trade and accrued liabilities and due to related parties. Cash is classified as a financial asset at FVTPL. Trade and accrued liabilities and due to related parties are classified as other financial liabilities. The carrying value of these financial instruments approximates their fair value due to their short-term maturity.

The Company's financial instruments are exposed to credit risk, liquidity risk, and market risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash and receivables. The Company minimizes its exposure to credit risk by placing its cash with a Canadian Schedule 1 Chartered bank. While there is concentration of risk by holding all funds with one institution, management assesses credit risk of cash as low due to the high credit quality rating the institution has with the rating agencies. As at March 31, 2019, the Company had cash of $443,918 (December 31, 2018 - $347,547).

The Company's secondary exposure to credit risk is on its receivable. This risk is minimal as receivables consist of refundable input tax credits of $18,750 (December 31, 2018 - $14,092) as well as grants receivable from government agencies of $nil (December 31, 2018 - $10,000).

Currency risk

The Company's current operations are not exposed to significant foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The fair value of the Company's financial instruments is relatively unaffected by changes in interest rates. The Company is exposed to interest rate risk on its bank deposit, which earns interest at a variable rate. Based on the cash balance at March 31, 2019, the effect of a 10% fluctuation in interest rates would not be material.

Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company tries to achieve this by maintaining sufficient cash to cover current liabilities as they mature.

As at March 31, 2019, the Company had a working capital of $198,284 (December 31, 2018 - $258,553). At March 31, 2019, the Company had a cash balance of $443,918, which is sufficient to pay its current cash liabilities of $270,281 and to continue operations in the short term.

13. FINANCIAL RISK AND CAPITAL MANAGEMENT (con't)

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. While the Company has been successful in raising capital in the past, there is no guarantee it will be able to do so in the future.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations. The Company's policy and objective is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and option reserve, net of accumulated deficit. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company holds all surplus capital in cash accounts held with major financial institutions. The Company does not pay out dividends.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2019. The Company is not subject to any externally imposed capital requirements.

In 2018, the Company received funding of $40,000 from IRAP toward the salaries of an intermediate chemical process engineer and a junior geologist. The grant was paid over a six-month period. The balance of the grant will be paid to the Company as it incurs qualifying salaries in 2019.

The Company received grant approval for $100,000 in indirect funding from the National Science & Engineering Research Council ("NSERC") under the collaborative research and development grant program to support the advancement of the Company's lithium concentration technology. Pursuant to the terms of the grant NSERC matched $100,000 in Company payments to the University of Alberta, which assisted the Company in its technology development.

The Company also received grant approval of $100,000 from Alberta Innovates ("AI"), an Alberta provincial funding agency, to assist in the technology development work at Green Center Canada. The funding will continue to support the development and scaling of the Company's concentration technology towards commercialization. The company invoiced AI for $10,000 in 2018 and $35,000 during the period ended March 31, 2019.

14. SUBSEQUENT EVENTS

The Company completed a private placement on April 4, 2019 by issuing 3,971,983 units at a price of $0.35 per unit for total proceeds of approximately $1,390,194 before commissions and expenses. Each unit is comprised of one common share and one-half common share purchase warrant. The common share purchase warrant is exercisable for a period of one year at a price of $0.45. The Company paid an aggregate $43,542 in cash commissions and issued an aggregate 124,404 finders' warrants on the same terms as the private placement warrants.