CASA MINERALS INC. (formerly Abcana Capital Inc.)

Consolidated Financial Statements
(Expressed in Canadian dollars)
Nine months ended September 30, 2018

(Unaudited)

These Financial Statements have been prepared in accordance with International Financial Reporting Standards. WE HEREBY GIVE NOTICE that our financial statement for the nine month period ended September 30, 2018 which follow this notice have not been reviewed by an auditor

CASA MINERALS INC. (formerly Abcana Capital Inc.)

Consolidated Statements of Financial Position

As at September 30, 2018 and December 31, 2017

		September 30, 2018		December 31, 2017
ASSETS				
CURRENT				
Cash and cash equivalents	$	954,972	$	507,475
Amounts receivable *(Note 8)*		34,576		23,308
Prepaid expenses		11,733		11,733
		1,001,281		542,516
Equipment		-		177
Reclamation bond		2,000		-
Exploration and evaluation assets *(Note 6)*		472,529		331,474
	$	1,475,810	$	874,167
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities *(Notes 7 and 9)*	$	99,471	$	293,301
Indemnification provision *(Note 12)*		22,594		22,594
Total Liabilities		122,065		315,895
SHAREHOLDERS' EQUITY				
Share capital *(Note 8)*		2,735,870		1,736,777
Reserves *(Note 8)*		703,047		465,715
Deficit		(2,085,172)		(1,644,220)
		1,353,745		558,272
	$	1,475,810	$	874,167

Approved and authorized by the Board on November 29, 2018

"Farshad Shirvani"
President & CEO

"Erik A. Ostensoe"
Director

See accompanying notes to the consolidated financial statements.

CASA MINERALS INC. (formerly Abcana Capital Inc.)

Consolidated Statements of Changes in Equity (Deficit)

Nine Months Ended September 30, 2018 and 2017

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
EXPENSES				
Consulting fees	$ 26,400	$ -	$ 26,400	$ -
Depreciation	-	-	177	-
Director's fees	30,000	$ -	30,000	$ -
Filing fees	9,295	10,000	29,761	10,000
Office expense	11,925	538	34,639	1,518
Professional fees	32,214	12,991	65,845	14,006
Promotion	21,377	-	36,501	-
Property investigation	-	10,753	6,784	94,719
Rent *(Note 9)*	4,500	1,500	13,500	1,500
Share-based payments *(Note 8)*	223,745	-	223,745	-
COMPREHENSIVE LOSS FOR THE YEAR	$ (303,056)	$ (35,782)	$ (440,952)	$ (121,743)
Basic and diluted loss per share	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding	33,320,127	21,487,301	29,598,803	17,448,444

CASA MINERALS INC. (formerly Abcana Capital Inc.)

Consolidated Statements of Changes in Equity (Deficit)

Nine Months Ended September 30, 2018 and 2017

CASA MINERALS INC. (formerly Abcana Capital Inc.)

Consolidated Statements of Changes in Equity (Deficit)

Nine Months Ended September 30, 2018 and 2017

	No. of Shares	Amount	Reserves	Deficit	Total Equity
Balance, December 31, 2016	**12,595,301**	**$ 767,950**	**$ 306,400**	**$ (1,063,134)**	**$ 11,216**
Private placement	8,892,000	600,210	-	-	600,210
Share issuance costs	-	(77,273)	17,152		(60,121)
Loss for the period	-	-	-	(121,743)	(121,743)
Balance, September 30, 2017	**21,487,301**	**$ 1,290,887**	**$ 323,552**	**$ (1,184,877)**	**$ 429,562**
Private placement	2,220,000	183,000	-	-	183,000
Share issuance costs	-	(7,110)	7,110		-
Shares issued on reverse takeover transaction	4,000,000	270,000	-	-	270,000
Share-based payments	-	-	135,053	-	135,053
Loss for the period	-	-	-	(459,343)	(459,343)
Balance, December 31, 2017	**27,707,301**	**$ 1,736,777**	**$ 465,715**	**$ (1,644,220)**	**$ 558,272**
Private placement	8,753,333	1,050,400	-	-	1,050,400
Share issuance costs	-	(37,720)	-		(37,720)
Finders' warrants	-	(13,587)	13,587		-
Share-based payments	-	-	223,745		223,745
Loss for the period	-	-	-	(440,952)	(440,952)
Balance, September 30, 2018	**36,460,634**	**$ 2,735,870**	**$ 703,047**	**$ (2,085,172)**	**$ 1,353,745**

See accompanying notes to the consolidated financial statements.

CASA MINERALS INC. (formerly Abcana Capital Inc.)

Consolidated Statements of Cash Flows

Nine Months Ended September 30, 2018 and 2017

	2018	2017
OPERATING ACTIVITIES		
Net loss for the period	$ (440,952)	$ (121,743)
Items not affecting cash:		
Share-based payments	223,745	-
Depreciation	177	-
	(217,030)	(121,743)
Changes in non-cash working capital		
Accounts receivable	(11,268)	81,421
Accounts payable and accrued liabilities	(193,830)	(22,975)
Cash flow from (used in) operating activities	(422,128)	(63,297)
FINANCING ACTIVITIES		
Advances payable	-	56,695
Issuance of shares for cash net of share issue costs	1,012,680	540,089
Cash flow from financing activities	1,012,680	596,784
INVESTING ACTIVITIES		
Reclamation bond	(2,000)	-
Exploration costs	(141,055)	-
Cash flow used in investing activities	(143,055)	-
INCREASE (DECREASE) IN CASH FLOW	447,497	533,487
CASH AND CASH EQUIVALENTS - Beginning of the period	507,475	9,419
CASH AND CASH EQUIVALENTS - End of the period	$ 954,972	$ 542,906
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Fair value of finder's warrants *(Note 8)*	$ 13,587	$ 17,152

See accompanying notes to the consolidated financial statements.

1. BUSINESS DESCRIPTION

Casa Minerals Inc. (formerly “Abcana Capital Inc.”) (the “Company”) was incorporated under the *Business Corporations Act* on April 19, 2010 and changed its name to Casa Minerals Inc. on November 30, 2017.

Effective December 5, 2017, the Company completed its acquisition of Casa Resources Inc. (formerly “Casa Minerals Inc.”) (“Casa”) pursuant to the terms of the amended and restated business combination Agreement (the “Business Combination Agreement”) with 1142904 B.C. Ltd. (“1142904”), a private company incorporated under the Business Corporations Act (British Columbia) and Abcana Capital Inc. (“Abcana”), a public company listed on the TSX Venture Exchange (“TSX-V”). Pursuant to the Business Combination Agreement, Abcana acquired all of the issued and outstanding shares of Casa and 1142904 amalgamated with Casa (“Transaction”). See Note 5. As the result of closing of the Transaction, Casa was listed as a Tier 2 mining issuer on TSX-V under the symbol “CASA”.

The Company is located at 409 Granville Street, Suite 880, Vancouver, British Columbia, V6C 1T2, Canada.

Pursuant to the Transaction, the Company carries on the business of Casa which is engaged in the exploration and development of mineral properties in North America and has not yet determined whether its properties contain ore reserves that are economically recoverable.

2. GOING CONCERN

The consolidated financial statements are prepared on the basis that the Company will continue as a going concern which presumes funds will be available to finance on-going development operations and capital expenditures and the realization of assets and the payment of liabilities in the normal course of operations for the foreseeable future. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary for the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

Several conditions exist that cast significant doubt about the ability of the Company to continue as a going concern. The Company has incurred operating losses since inception, and as at September 30, 2018, has an accumulated deficit of $2,085,172 (December 31, 2017 - $1,644,220). Management anticipates that the Company will need additional funding to meet its obligations, maintain its operations, support its payments to creditors and realize profits from future business activities. The Company is dependent on its ability to raise further capital through equity financing to meet its commitments and fund its ongoing operations.

3. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements for the nine months ended September 30, 2018, have been prepared in accordance with IAS 34, ‘Interim Financial Reporting’. The condensed interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company’s annual financial statements for the year ended December 31, 2017.

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

These condensed interim financial statements were authorized for issue by the Audit Committee and Board of Directors on November 29, 2018.

Basis of measurement

These consolidated financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Significant estimates, judgments and assumptions

The preparation of these consolidated financial statements requires management to make estimates and judgments and to form assumptions that affect the reported amounts and other disclosures in these consolidated financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these assumptions form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised and all future periods that are affected by the change in estimate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Significant estimates, judgments and assumptions (continued)

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

(i) Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

(ii) Fair value of consideration to acquire Casa

The fair value of consideration to acquire the Company comprised common shares. Common shares were valued on the date of issuance of the shares. The Company applied IFRS 2 *Share-based Payment* in accounting for and assessing the Transaction.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

(i) Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(ii) Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Significant estimates, judgments and assumptions (continued)

(iii) *Exploration and evaluation properties*

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indicators of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation properties.

Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economic assessments/studies, accessible facilities and existing permits.

(b) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Casa Resources Inc. The subsidiary is consolidated from the date of acquisition being the date that the Company obtains control. A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investees. All intercompany transactions and balances have been eliminated on consolidation.

(c) Financial instruments

The Company classifies its financial instruments in the following categories: fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

(i) *Financial assets*

Financial assets are classified at FVTPL when they are either held-for-trading for the purpose of short-term profit-taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (continued)

directly attributable to their acquisition or issue and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transactions costs. Gains or losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not suitable to be classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. These are included in non-current assets if it is management's intent to hold the instrument for a period in excess of twelve months. They are carried at fair value with changes in fair value recognized in other comprehensive income as a component of equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired.

(ii) *Financial liabilities*

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value, net of any transaction costs directly attributable to the issuance of the instrument, and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Transaction costs directly attributable to the acquisition or issue of a financial asset or liability not measured at FVTPL are added to the carrying amount of the financial asset or financial liability and are amortized to operations using the effective interest rate method.

As at September 30, 2018, the Company's financial instruments are comprised of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities. Cash and cash equivalents are classified as FVTPL; amounts receivable are classified as loans and

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (continued)

receivables; and accounts payable and accrued liabilities are classified as other financial liabilities.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability are not based on observable market data.

(d) Cash and cash equivalents

Cash includes deposits held with banks that are available on demand. Cash equivalents are financial instruments that are readily convertible to a known amount of cash immediately and are subject to insignificant changes in value.

(e) Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation assets are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors. Costs not directly attributable to exploration and evaluation assets activities, including general administrative costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain mineral property expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation assets expenditures in respect of that project are deemed to be impaired. As a result, those mineral property expenditures, in excess of estimated recoveries, are written off to the statement of comprehensive loss or income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Exploration and evaluation assets (continued)

as “mine under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized costs.

(f) Impairment of assets

At the end of each reporting period, the Company’s long-lived assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(g) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company’s

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Provision for environmental rehabilitation (continued)

estimates of reclamation costs, are charged to profit and loss for the period. At September 30, 2018 and December 31, 2017, the Company does not have any provision for environmental rehabilitation.

(f) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Accrued amounts on shareholder indemnification are subject to measurement uncertainty due to the tax filing positions of the subscribers, their tax rates and the amount of personal taxes that may be payable and the interpretation of the indemnity agreements.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it is probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) fair value of share capital issued, based on market price at time of issuance, and ii) the residual as a flow-through share premium, which is recognized as a liability. On issuance of a flow-through unit, the Company allocates the flow-through unit into i) fair value of share capital issued, based on market price at time of issuance, ii) estimated fair value of a warrant calculated using the Black-Scholes Option Pricing Model, and ii) the residual as flow-through share premium, which is recognized as a liability. Upon expenses being incurred, the Company derecognizes the liability. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

(h) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(i) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of stock options is measured on the date of grant, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(j) Loss per share

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligations, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

(l) Recent accounting pronouncements

Standards and interpretations issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below and include only those which the Company reasonably expects may be applicable to the Company at a future date. The Company intends to adopt these standards and interpretations when they become effective and is currently assessing their impact on the consolidated financial statements.

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- Classification and measurement of financial assets:

  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- Classification and measurement of financial liabilities:

  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Recent accounting pronouncements (continued)

- Impairment of financial assets:

  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- Hedge accounting:

  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

The final version of this new standard is effective for the Company's annual period beginning January 1, 2018.

IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Recent accounting pronouncements (continued)

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard is effective for the Company's annual period beginning January 1, 2019.

5. REVERSE TAKE OVER TRANSACTION

On December 5, 2017, the Company completed its acquisition of Casa pursuant to the terms of the amended and restated business combination agreement dated November 28, 2017 (the "Agreement") among the Company, Casa and the shareholders of Casa. Under the terms of the Agreement, the Company issued an aggregate of 21,487,301 common shares of the Company to the shareholders of Casa. Each shareholder of Casa received one Company Share in exchange for each Casa share.

The transaction was considered a reverse takeover since the legal acquiree is the accounting acquirer and its former shareholders end up controlling the consolidated entity after the completion of this transaction. Consequently, the historical results of operations are those of Casa.

At the time of the Transaction, the Company's assets consisted primarily of cash, and it did not have any processes capable of generating outputs. Accordingly, as the Company did not qualify as a business in accordance with IFRS 3 *Business Combinations*, the Transaction did not constitute a business combination; however, by analogy it has been accounted for as a reverse takeover. Therefore, Casa, the legal subsidiary, has been treated as the accounting parent company, and the Company, the legal parent, has been treated as the accounting subsidiary in these consolidated financial statements. As Casa was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values.

5. REVERSE TAKE OVER TRANSACTION (Continued)

The fair value of the 4,000,000 common shares of Abcana was determined to be $0.0675 per common share, based on the estimated fair value at the acquisition date. The following table provides details of the fair value of the consideration given and the fair value of the assets and liabilities acquired:

	Number	Amount
Consideration		
Outstanding shares of Abcana	4,000,000	$ 270,000
Identifiable liabilities acquired		
Cash		$ 2,011
Receivables		129,416
Equipment		444
Accounts payable and accrued liabilities		(64,412)
Obligation to issue shares		(172,875)
		(105,416)
Transaction costs		375,416
Total net identifiable assets and transaction costs		$ 270,000

Concurrent with the closing of the Business Combination Agreement, the Company completed a private placement of 1,020,000 flow-through units at a price of $0.10 per flow-through unit for total proceeds of $102,000 and 1,200,000 non-flow-through units at a price of $0.0675 per unit for gross proceeds of $81,000. Each flow-through unit consists of one flow through common share and one-half of one share purchase warrant, and each non-flow-through unit consists of one common share and one share purchase warrant. Each whole warrant will entitle the holder to purchase one additional share at a price of $0.10 per share and expire on November 29, 2019.

The fair value of the common shares acquired exceeded the fair value of the net assets of Abcana. Because the Company cannot specifically identify any goods or services that relate to this excess, IFRS 2 requires that the difference is recognized in the determination of net loss as a transaction cost.

6. EXPLORATION AND EVALUATION ASSETS

As at September 30, 2018, the Company's exploration and evaluation assets are located in Canada.

Expenditures incurred on exploration and evaluation assets are as follows:

Acquisition costs:	
Balance, December 31, 2017 and September 30, 2018	$ 25,906
Exploration costs:	
Balance, December 31, 2016	176,016
Surveying, mapping and other	129,552
Balance, December 31, 2017 and June 30, 2018	305,568
Surveying, mapping and other	141,055
Balance, December 31, 2017 and June 30, 2018	$ 446,623
Total, December 31, 2017	$ 331,474
Total, September 30, 2018	$ 472,529

Pitman Property

Pitman Agreement

On December 31, 2007, the Company entered into the Pitman Agreement with Farshad Shirvani, the Company's Chief Executive Officer, President and director, whereby the Company acquired a 100% interest in 15 mineral claims covering 7,871.371 hectares for a purchase price of $55,000.

The Pitman Agreement is a non-arm's length transaction due to Mr. Shirvani serving as the Company's Chief Executive Officer, President and a director at the time of entering into the Pitman Agreement.

Paddy Mac Agreement

On December 6, 2010, the Company entered into the Paddy Mac Agreement with Randy Marko and Heather Kathleen Marko (collectively, the "Markos") whereby the Company acquired a 100% interest in three mineral claims totaling 373.3876 hectares by paying $5,000 and issuing to the Markos a total of 133,334 common shares. The Company acquired the Paddy Mac Claims, which have been amalgamated and now form part of the Pitman Property, as historic work indicated strong gold mineralization.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Arsenault Property

On August 25, 2017, the Company entered into the Arsenault Option Agreement with Mr. Shirvani, to supersede and replace all previous option agreements on the Arsenault Property. In order to exercise the option to acquire a seventy-five percent (75%) interest in the Arsenault Property, the Company must:

(a) Pay $175,000 and issue 2,400,000 common shares as follows:

(i) $15,000 cash and 200,000 common shares on or before the second anniversary date of the Arsenault Option Agreement;
(ii) $35,000 cash and 400,000 common shares on or before the third anniversary date of the Arsenault Option Agreement;
(iii) $50,000 cash and 800,000 common shares on or before the fourth anniversary date of the Arsenault Option Agreement; and
(iv) $75,000 cash and 1,000,000 common shares on or before the fifth anniversary date of the Arsenault Option Agreement;

(b) incur exploration expenditures of $1,500,000 on the Arsenault Property as follows:

(i) $100,000 on or before the second anniversary date of the Arsenault Option Agreement;
(ii) $250,000 on or before the third anniversary date of the Arsenault Option Agreement;
(iii) $500,000 on or before the fourth anniversary date of the Arsenault Option Agreement; and
(iv) $650,000 on or before the fifth anniversary date of the Arsenault Option Agreement.

If the Company earns a 75% interest in the Arsenault Property, of which there is no assurance, the Company and Mr. Shirvani will enter into a joint venture for the exploration and development of the Arsenault Property. Under the joint venture, Mr. Shirvani will be required to pay his proportionate share of the joint venture costs. In the event that Mr. Shirvani is unable to meet these obligations, Mr. Shirvani's interest will be proportionately decreased until it is a net profit interest.

7. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	September 30, 2018	December 31, 2017
Trade payables	$ 99,471	$ 288,205
Accrued liabilities	-	5,096
	$ 99,471	$ 293,301

8. SHARE CAPITAL

Authorized

Unlimited common shares without par value
Unlimited preferred shares without par value

Common shares issued

During the year ended December 31, 2017, the Company issued 8,892,000 units pursuant to a private placement at $0.0675 per unit for gross proceeds of $600,210. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at $0.10 per share for a two-year period expiring May 3, 2019. The Company paid a finders' fee totaling $60,121 and issued 622,440 finders warrants exercisable at a price of $0.10 for a two-year period expiring May 3, 2019. The fair value of the finders' warrants was $24,262 using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 0.69% and an expected volatility of 125%.

Concurrent with the closing of the Business Combination Agreement (note 5), the Company completed a private placement of 1,020,000 flow-through units at a price of $0.10 per flow-through unit for total proceeds of $102,000 and 1,200,000 non-flow-through units at a price of $0.0675 per unit for gross proceeds of $81,000. Of the total proceeds, $172,875 was received prior to December 31, 2016. Accordingly, a further $10,125 was received upon completion of the private placement. Each flow-through unit consists of one flow through common share and one-half of one share purchase warrant, and each non-flow-through unit consists of one common share and one share purchase warrant. Each whole warrant will entitle the holder to purchase one additional share at a price of $0.10 per share and expire on December 5, 2019.

During the nine months ended September 30, 2018, the Company issued 8,753,333 units pursuant to a private placement at $0.12 per unit for gross proceeds of $1,050,400. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at $0.25 per share for a two-year period with 5,833,333 warrants expiring July 23, 2020 and 2,920,000 warrants expiring August 22, 2020. The Company paid finders' fees totaling $37,720 and issued 250,000 finders warrants exercisable at a price of $0.25 for a two-year period with 249,000 finders warrants expiring July 23, 2020 and 6,000 finders warrants expiring August 22, 2020. The fair value of the finders' warrants was $13,587 using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 1.50% and an expected volatility of 100%.

Reserve

The reserve records the fair value of stock options and warrants until such time that the share-based instruments are exercised, at which time the corresponding amount is transferred to share capital.

8. SHARE CAPITAL (Continued)

Stock options

The Company has an incentive stock option plan that conforms to the requirements of the TSX-V. Options to purchase common shares have been granted to directors, officers, employees and consultants of the Company at exercise prices determined by the market value of the common shares on the date of the grant. The options vest immediately on the date of the grant or otherwise at the discretion of the Board.

During the year ended December 31, 2017, the Company granted a total of 1,800,000 stock options to the directors, officers and consultants, exercisable at a price of $0.09 per share and expiring on December 5, 2022. A fair value for the stock options of $135,053 was determined using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 1.42%, expected life of 5 years, volatility of 98% and no expected dividends.

During the nine months ended September 30, 2018, the Company granted a total of 1,800,000 stock options to the directors, officers and consultants, exercisable at a price of $0.125 per share and expiring on August 23, 2023. A fair value for the stock options of $223,745 was determined using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 1.50%, expected life of 5 years, volatility of 100% and no expected dividends.

Stock option transactions are summarized as follows:

	Number of Options	Exercise Price
Balance, December 31, 2016	-	$ -
Issued	1,800,000	0.09
Balance, December 31, 2017	1,800,000	0.09
Issued	1,800,000	0.125
Balance, September 30, 2018	3,600,000	$ 0.11

The Company has the following stock options outstanding as at September 30, 2018:

Number	Exercise Price	Expiry Date
1,800,000	$ 0.09	December 5, 2022
1,800,000	$ 0.125	August 22, 2023
3,600,000		

The outstanding stock options have a weighted average remaining contractual life of 4.54 years.

8. SHARE CAPITAL (Continued)

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Exercise Price
Balance, December 31, 2016	541,500	$ 0.10
Issued	11,224,440	0.10
Balance, December 31, 2017	11,765,940	0.10
Issued	9,008,333	0.25
Balance, September 30, 2018	20,774,273	$ 0.17

The Company has the following warrants outstanding as at September 30, 2018:

Number	Exercise Price	Expiry Date
541,500	$ 0.10	December 29, 2018
9,514,440	$ 0.10	May 3, 2019
1,710,000	$ 0.10	December 5, 2019
6,082,333	$ 0.25	July 23, 2020
2,926,000	$ 0.25	August 22, 2020
20,774,273		

The outstanding warrants have a weighted average remaining contractual life of 1.17 years.

9. RELATED PARTY TRANSACTIONS

Transactions

The Company entered into an agreement with a related party relating to exploration and evaluation assets. See Note 6.

During the nine months ended September 30, 2018, the Company was charged rent of $13,500 (2017 - $1.500) by a company controlled by Farshad Shirvani, a director of the Company, and paid directors fees of $30,000 to Mr. Shirvani.

Balances

The Company had the following balances with related parties at period ends:

	September 30, 2018	December 31, 2017
Trade payables	$ (1,340)	$ 145,333

10. 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 the company's business. 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 reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes to the Company's approach to capital management during the period ended September 30, 2018.

The Company is not subject to any externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

As at September 30, 2018, the Company's financial instruments are comprised of cash and cash equivalents, receivables, accounts payable and advances payable. The carrying value of receivables, accounts payable and advances payable approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash.

The Company's cash is held through a Canadian chartered bank, which is a high-credit quality financial institution. At September 30, 2018, the Company had a $235,000 term deposit earning interest at 1.05% per annum, cashable at any time.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2018, the Company had a cash and cash equivalent balance of $954,972 to settle current liabilities of $122,065. There is a risk that the Company may not be able to meet its financial obligation when they are due. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Liquidity risk, therefore, is assessed as high.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Foreign currency rate risk

While the Company is domiciled in Canada and its capital is raised in Canadian dollars, the Company is not exposed to any significant foreign exchange risk.

Interest rate risk

The Company has cash balances and no interest-bearing debt. Therefore, interest rate risk is nominal.

12. INDEMNIFICATION PROVISION

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company has indemnified the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended December 31, 2015, the Company received $102,000 from flow-through share subscription agreements, for which the Company issued the flow-through shares during the year ended December 31, 2017. The Company did not fully meet its exploration expenditure commitments by the required due date.

As at September 30, 2018 and December 31, 2017, the Company has estimated the potential indemnification liability in the amount of $22,594 relating to the unspent flow-through commitments using a tax rate of 45%. The accrued amounts are subject to measurement uncertainty due to the tax filing positions of the subscribers, their tax rates and the amount of personal taxes that may be payable and the interpretation of the indemnity agreements, which will not be known until potentially affected subscribers are reassessed for their tax positions by the Canada Revenue Agency and these amounts become known to the Company

13. SEGMENT INFORMATION

The Company has one reportable segment being the exploration and evaluation of mineral properties and all the long-term assets are located in Canada.