CROPS Inc.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

and

Thirteen Months Ended December 31, 2018

(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CROPS INC.

Opinion

We have audited the consolidated financial statements of CROPS Inc. (the "Company"), which comprise:

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2019 and thirteen months ended December 31, 2018 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has accumulated losses of $47,543,207 since inception. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits 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 audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management's Discussion & Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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.

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- 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 auditors' 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 auditors' 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 auditors' report is Herve Leong-Chung.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 12, 2020

CROPS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018
(Expressed in Canadian Dollars)

As at:	**2019**	**2018**
ASSETS		
Current assets		
Cash	$ 32,423	$ 77,629
Taxes receivable	204,455	220,329
Other receivables (Note 17)	91,407	56,756
Inventory (Note 6)	-	562,701
Prepaid expenses and deposits (Note 17)	52,454	95,200
	380,739	1,012,615
Non-current assets		
Long-term deposits (Note 17)	61,000	61,000
Property and equipment (Note 7)	14,027	21,213
Exploration and evaluation assets (Note 9)	-	9,981,135
	75,027	10,063,348
TOTAL ASSETS	**$ 455,766**	**$ 11,075,963**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 17)	$ 1,023,858	$ 500,160
Convertible debenture interest payable (Note 13)	325,477	-
	1,349,335	500,160
Non-current liabilities		
Convertible debentures – liability component (Note 13)	4,140,175	4,089,452
Convertible debentures – derivative liability (Note 13)	52,321	522,223
Asset retirement obligation (Note 14)	59,775	79,109
Deferred income tax liability (Note 18)	-	2,971,170
Total liabilities	5,601,606	8,162,114
Shareholders' equity (deficiency)		
Share capital (Note 15)	38,704,356	38,317,051
Share subscriptions received (Note 25)	-	459,000
Obligation to issue shares (Note 13)	211,754	161,754
Other equity reserve (Note 15)	3,265,301	3,097,601
Accumulated other comprehensive income	154,917	303,152
Deficit	(47,543,207)	(42,114,340)
Equity attributed to shareholders of the Company	(5,206,879)	224,218
Non-controlling interest (Note 5)	61,039	2,689,631
Total shareholders' equity (deficiency)	(5,145,840)	2,913,849
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	**$ 455,766**	**$ 11,075,963**

Approved on behalf of the Board of Directors and authorized for issue on June 12, 2020:

"Simon Ridgway", Director — *"Mario Szotlender"*, Director
Simon Ridgway — Mario Szotlender

See accompanying notes to these consolidated financial statements

CROPS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF LOSS
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019	Thirteen Months Ended December 31, 2018
Gypsum Revenue (Note 17)	$ 536,968	$ 173,322
Gypsum Production Costs (Note 17)	(855,207)	(393,196)
	(318,239)	(219,874)
Phosphate Exploration Expenditures (Note 11)	(420,750)	(727,278)
General and Administrative Expenses		
Accounting and legal	60,398	123,843
Amortization (Note 7)	7,186	9,937
Finance expense (Notes 12 and 13)	589,925	722,502
Interest and bank charges	2,535	3,135
Management fees (Note 17)	42,000	45,500
Office and miscellaneous (Note 17)	42,488	34,640
Regulatory and stock exchange fees (Note 17)	10,627	25,155
Rent and utilities (Note 17)	17,063	21,594
Salaries and benefits (Note 17)	52,889	74,094
Shareholder communication (Note 17)	40,655	29,666
Travel and accommodation (Note 17)	2,203	22,712
	(867,969)	(1,112,778)
Loss from operations	(1,606,958)	(2,059,930)
Interest and other income	26	1,780
Foreign exchange gain/loss	(30,001)	(110,704)
Gain on sales tax reassessment (Note 5)	667,817	-
Write-off of inventory	(232,196)	-
Write-off of exploration and evaluation assets (Note 9)	(9,677,404)	-
Loss on extinguishment of long-term debt (Note 13)	-	(438,937)
Gain on change in estimate of long-term debt (Note 13)	163,725	-
Fair value adjustment on derivative liability (Note 13)	469,902	34,337
Asset retirement obligation accretion (Note 14)	(1,200)	(1,232)
Recovery of accounts payables and accrued liabilities (Note 9)	10,000	-
Impairment of goodwill (Note 10)	-	(430,988)
Loss before income taxes	(10,236,289)	(3,005,674)
Deferred income tax recovery	2,862,897	372,125
Net loss	**$ (7,373,392)**	**$ (2,633,549)**
Loss attributable to:		
Equity shareholders of the Company	$ (5,428,867)	$ (2,694,103)
Non-controlling interest (Note 5)	(1,944,525)	60,554
	$ (7,373,392)	$ (2,633,549)
Loss per share attributable to equity shareholders of the Company		
- basic and diluted	$(0.08)	$(0.05)
Weighted average number of shares outstanding		
- basic and diluted	69,369,908	58,676,908

See accompanying notes to these consolidated financial statements

CROPS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019	Thirteen Months Ended December 31, 2018
Net loss	$ (7,373,392)	$ (2,633,549)
Other comprehensive income:		
Currency translation adjustment of foreign operation	(211,764)	113,192
Total comprehensive loss	$ (7,585,156)	$ (2,520,357)
Comprehensive loss attributable to:		
Equity shareholders of the Company	$ (5,557,102)	$ (2,614,868)
Non-controlling interest (Note 5)	(2,008,054)	94,511
	$ (7,585,156)	$ (2,520,357)

See accompanying notes to these consolidated financial statements

CROPS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the year ended December 31, 2019 and thirteen months ended December 31, 2018
(Expressed in Canadian Dollars)

		Equity attributed to shareholders of the Company								
	Number of common shares	Share capital	Obligation to issue shares	Share subscriptions received (receivable)	Other equity reserve	Accumulated other comprehensive income (loss)	Deficit	Total	Non-controlling interest	Total
Balance, November 30, 2017	58,393,954	$ 38,283,093	$ -	$ -	$ 2,744,966	$ 223,918	$ (39,420,237)	$ 1,831,740	$ 2,595,119	$ 4,426,859
Loss for the period	-	-	-	-	-	-	(2,694,103)	(2,694,103)	60,554	(2,633,549)
Shares issued for services	316,666	33,958	-	-	-	-	-	33,958	-	33,958
Shares subscribed	-	-	-	459,000	-	-	-	459,000	-	459,000
Obligation to issue shares	-	-	161,754	-	-	-	-	161,754	-	161,754
Warrants issued with convertible debt	-	-	-	-	352,635	-	-	352,635	-	352,635
Currency translation adjustment	-	-	-	-	-	79,234	-	79,234	33,958	113,192
Balance, December 31, 2018	58,710,620	38,317,051	161,754	459,000	3,097,601	303,152	(42,114,340)	224,218	2,689,631	2,913,849
Loss for the year	-	-	-	-	-	-	(5,428,867)	(5,428,867)	(1,944,525)	(7,373,392)
Shares issued for private placement	11,180,000	391,300	-	(459,000)	167,700	-	-	100,000	-	100,000
Obligation to issue shares	-	-	50,000	-	-	-	-	50,000	-	50,000
Share issuance costs	-	(3,995)	-	-	-	-	-	(3,995)	-	(3,995)
Equity returned to non-controlling interest	-	-	-	-	-	-	-	-	(620,538)	(620,538)
Currency translation adjustment	-	-	-	-	-	(148,235)	-	(148,235)	(63,529)	(211,764)
Balance, December 31, 2019	**69,890,620**	**$ 38,704,356**	**$ 211,754**	**$ -**	**$ 3,265,301**	**$ 154,917**	**$ (47,543,207)**	**$ (5,206,879)**	**$ 61,039**	**$ (5,145,840)**

See accompanying notes to these consolidated financial statements

CROPS INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019	Thirteen Months Ended December 31, 2018
OPERATING ACTIVITIES		
Net loss for the period	$ (7,373,392)	$ (2,633,549)
Items not involving cash:		
Amortization	7,186	9,937
Accretion of asset retirement obligation	1,200	1,232
Finance expense	589,926	532,942
Share-based payments	-	33,958
Unrealized foreign exchange gain (loss)	(20,535)	50,800
Loss on extinguishment of long-term debt	-	438,937
Gain on change in estimate of long term debt	(163,725)	
Gain on sales tax reassessment	(620,538)	-
Recovery of accounts payable and accrued liabilities	(10,000)	-
Deferred income tax recovery)	(2,862,897)	(322,830)
Fair value adjustment on derivative liability	(469,902)	(34,337)
Write-off of exploration and evaluation asset	9,677,404	-
Write-off of inventory	232,196	-
Impairment of goodwill	-	430,988
Revaluation of asset retirement obligation	-	(89,336)
	(1,013,077)	(1,581,258)
Changes in non-cash working capital items:		
Taxes receivable	15,874	(119,429)
Prepaid expenses and deposits	42,746	(46,860)
Other receivables	(34,651)	51,112
Inventory	330,505	(390,088)
Accounts payable and accrued liabilities	533,698	132,158
Net cash used in operating activities	(124,905)	(1,954,365)
FINANCING ACTIVITIES		
Proceeds from convertible debentures	-	500,000
Debt transaction costs	-	(50,657)
Proceeds from issuance of capital stock	100,000	-
Share issuance costs	(3,995)	-
Share subscriptions received	-	415,000
Net cash provided by financing activities	96,005	864,343
INVESTING ACTIVITIES		
Purchase of property and equipment	-	(3,344)
Net cash used in investing activities	-	(3,344)
Effect of change in foreign currency	(16,306)	(21,423)
Decrease in cash	(45,206)	(1,114,789)
Cash, beginning of period	77,629	1,192,418
Cash, end of period	**$ 32,423**	**$ 77,629**

Supplemental disclosure with respect to cash flows (Note 20)

See accompanying notes to these consolidated financial statements

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

CROPS Inc. (the "Company") was incorporated in British Columbia on April 30, 1993 and continued to the Yukon Territory on April 23, 2018. Its common shares are publicly traded on the TSX Venture Exchange ("TSX-V"). The Company previously operated under "Focus Ventures Ltd." until it changed its name to CROPS Inc. on April 23, 2018 and changed its trading symbol on the TSX-V to "COPS".

The Company is engaged in the acquisition and exploration of mineral properties. The Company's corporate office and principal place of business is #650 – 200 Burrard Street, Vancouver, BC, Canada V6C 3L6.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At December 31, 2019, the Company had not yet achieved profitable operations, has accumulated losses of $47,543,207 since inception, and is expected to incur further losses in the development of its business, all of which raises substantial doubt about its ability to continue as a going concern. The Company will periodically have to raise additional financing in order to acquire and conduct work programs on mineral properties and meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Management is continuing to investigate opportunities to raise financing for the Company.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are stated at their fair values. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian dollars ("CDN"), which is also the Company's and all of its subsidiaries functional currency, except for its 70% owned subsidiary Juan Paulo Quay S.A.C., which has a functional currency of the Peruvian Sol. See Note 3(c) for more information.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiaries. A subsidiary is an entity in which the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All material intercompany transactions and balances have been eliminated on consolidation.

Details of the Company's principal subsidiaries at December 31, 2019 are as follows:

Name	Place of incorporation	Ownership %	Principal activity
Agrifos Peru S.A.C.	Peru	100%	Exploration company
Focus (Cayman) Inc.	Cayman Islands	100%	Holding company
Agrifos International (Cayman) Inc.	Cayman Islands	100%	Holding company
Juan Paulo Quay S.A.C.	Peru	70%	Exploration and mining company

b) Non-Controlling Interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Total comprehensive loss of the Company's subsidiary is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance. For the year ended December 31, 2019 and thirteen months ended December 31, 2018, 30% of the results of operations of the Company's consolidated subsidiary, Juan Paulo Quay S.A.C. ("JPQ"), were attributable to its non-controlling interest.

If a change in ownership interest of a subsidiary occurs and the parent company retains control, the transaction is accounted for as a transaction with equity holders in their capacity as equity holders. No gain or loss is recognized in profit or loss; instead it is recognized in equity. In addition, no change in the carrying amounts of assets (including goodwill) or liabilities is recognized.

The Company adjusts the non-controlling interest by attributing a proportionate amount of the subsidiaries net identifiable assets (excluding goodwill). The Company also adjusts other comprehensive loss to reflect the new ownership interest. These adjustments are also recognized in equity.

c) Foreign Currency Translation

The functional and presentation currency of the Company is the Canadian dollar. The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the reporting date with exchange differences on monetary items being recognized in profit or loss in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. For the Company and its subsidiaries Agrifos Peru S.A.C., Focus (Cayman) Inc., and Agrifos International (Cayman) Inc., the functional currency is the Canadian dollar. For JPQ, the functional currency is the Peruvian Sol. For the purposes of presenting consolidated financial statements, the assets and liabilities of JPQ's operations are translated into Canadian dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

3. SIGNIFICANT ACCOUNTING POLICIES – cont'd

d) Earning / Loss per Share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented.

e) Income Taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for those taxable temporary differences arising on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset only to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

f) Property, Equipment and Amortization

Recognition and Measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable costs of acquisition required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses, with the exception of land which is not amortized.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and Losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, that are recognized net within other income in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – cont'd

f) Property, Equipment and Amortization – cont'd

Amortization

Amortization is recognized in profit or loss to amortize property and equipment over their estimated useful lives using the following methods:

Vehicles	5 year straight-line
Computer equipment	30% declining balance and 5 year straight-line
Furniture and equipment	20% declining balance and 10 year straight-line
Leasehold improvements	7 - 8 years straight-line

g) Mineral Interests

Mineral interests include interests in producing mining properties and related plant and equipment. Producing mining interests are carried at cost less accumulated depletion and amortization and accumulated impairment losses. The costs related to a property from which there is production, together with the costs of production equipment, will be depleted and amortized using the unit-of-production method.

h) Exploration and Evaluation Assets and Expenditures

Acquisition costs for exploration and evaluation assets are capitalized and include the cash consideration paid and the fair value of common shares issued on acquisition, at the earlier of the date the counterparty's performance is complete or the share issuance date. Exploration expenditures, net of recoveries, are charged to operations as incurred. After a property is determined by management to be commercially feasible, exploration and development expenditures on the property will be capitalized. On transfer to mineral properties, capitalized exploration and evaluation assets are assessed for impairment. Proceeds from the sale of minerals recovered during the exploration stage are recorded when title to the minerals passes, the proceeds are reasonably determinable and the collectability is assured.

Where the Company has entered into option agreements to acquire interests in exploration and evaluation assets that provide for periodic payments or periodic share issuances, amounts unpaid and unissued are not recorded as liabilities since they are payable and issuable entirely at the Company's option. Option payments are recorded as exploration and evaluation costs when the payments are made or received and the share issuances are recorded as exploration and evaluation costs using the fair market value of the Company's common shares at the earlier of the date the counterparty's performance is complete or the share issuance date. Property interests granted to others under an option agreement where payments to be made to the Company are at the sole discretion of the optionee, and payments to the Company resulting from royalty interests sold to others under a royalty agreement are recorded as recoveries against the acquisition costs at the time of receipt. Any excess recoveries are recorded as income when they are received.

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated. Generally, the timing of these accruals would be when the actual environmental disturbance occurs.

3. SIGNIFICANT ACCOUNTING POLICIES – cont'd

h) Exploration and Evaluation Assets and Expenditures – cont'd

The Company is in the process of exploring and developing its exploration and evaluation assets and has not yet determined the amount of reserves available. Management reviews the carrying value of exploration and evaluation assets on a periodic basis and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the Company will test the asset for impairment based upon a variety of factors, including current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the asset or from the sale of the asset. Amounts shown for exploration and evaluation assets represent costs incurred to date, net of write-downs and recoveries, and are not intended to represent present or future values.

i) Inventories

Gypsum inventory is valued at the lower of average production cost and estimated net realizable value. Costs include all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization and directly attributable overhead costs.

j) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro- rata based on the carrying amount of each asset in the cash generating unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of loss. An impairment loss recognized for goodwill is not reversed in subsequent periods. Management evaluates goodwill for impairment annually as of December 31st.

k) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives, including goodwill, are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets and mineral interests where goodwill has been allocated are to be tested for impairment annually, otherwise are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs of disposal, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

3. SIGNIFICANT ACCOUNTING POLICIES – cont'd

l) Provisions

Rehabilitation Provision

The Company recognizes statutory, contractual or other legal obligations related to the retirement of tangible long-lived assets when such obligations are incurred, if a reliable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

Other Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

m) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "Unit"), and entitle the warrant holder to exercise the warrants for a stated price and a stated number of common shares in the Company. The fair value of the Units components sold is measured using the residual value approach.

n) Share-based Payments

Where equity-settled share options are awarded to employees, or others providing similar services, the fair value of the options at the date of grant is charged to the profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received profit or loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in other equity reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in other equity reserve is credited to share capital, adjusted for any consideration paid.

3. SIGNIFICANT ACCOUNTING POLICIES – cont'd

n) Share-based Payments – cont'd

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

o) Financial Instruments

Financial Assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES – cont'd

o) Financial Instruments – cont'd

Financial Liabilities

Financial liabilities are classified as amortized cost, 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 redemptions, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable and accrued liabilities represent liabilities for goods and services provided to the Company and operating advances provided to the Company prior to the end of the period which are unpaid. Accounts payable and accrued liability amounts related to goods and services provided are unsecured and are usually paid within forty-five days of recognition. Operating advances made to the Company are unsecured and due on demand.

The Company has made the following designations of its financial instruments:

Cash	FVTPL
Receivables	Amortized cost
Deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible debenture interest payable	Amortized cost
Convertible debentures – liability component	Amortized cost
Convertible debentures – derivative liability	FVTPL

p) Compound Financial Instruments

Compound financial instruments issued by the Company comprise convertible debentures in Canadian dollars that can be converted to common shares at the option of the holder. The convertible debenture is allocated into corresponding debenture and derivative liability components at the date of issue. The liability component is initially recognized at the difference between the fair value of the convertible debenture as a whole and the fair value of derivative liability, using the Black-Scholes option pricing method. The liability component is subsequently accreted to the face value of the liability portion of the convertible debenture at the effective interest rate. The derivative liability is re-measured at fair value at each reporting period.

q) Value Added Taxes

The Company incurred value added tax (VAT) in Peru and Canada. An amount equal to the expected amount refundable has been recorded as Taxes Receivable except for certain operations in Peru where the collection of VAT payments is uncertain, and therefore has been expensed and included in Exploration Expenditures.

3. SIGNIFICANT ACCOUNTING POLICIES – cont'd

r) Revenue Recognition

The Company earns revenues from contracts with customers related to the sale of gypsum. Revenue is recognized when the customer obtains control of the gypsum and the Company has satisfied its performance obligation which is generally when the product is delivered to the customer. The Company considers the terms of the contract which determines the transaction price and the probability that the customer will be able to pay based on terms stipulated in the contract. The transaction price of a contract is allocated to each performance obligation based on its stand-alone selling price.

s) Adoption of New Accounting Standards and Amendments

The following outlines the new accounting standards and amendments adopted by the Company effective January 1, 2019:

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

On December 8, 2016, the IASB issued IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*. The Interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

IFRS 9 Financial Instruments

The Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for classification and measurement of financial assets, including a new expected credit loss ("ECL") impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39:

	January 1, 2019	
	IAS 39	**IFRS 9**
Financial Asset		
Cash	FVTPL	FVTPL
Other receivables	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost
Financial Liability		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Convertible debentures – liability component	Amortized cost	Amortized cost
Convertible debentures – derivative liability	FVTPL	FVTPL

3. SIGNIFICANT ACCOUNTING POLICIES – cont'd

s) Adoption of New Accounting Standards and Amendments – cont'd

The adoption of IFRS 9 did not have a material impact the Company's classification and measurement of financial assets and liabilities. The standard also had no impact on the carrying amounts of our financial instruments as at the transition date of January 1, 2019.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers* specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. The standard supersedes IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and a number of revenue-related interpretations. The standard applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The adoption of IFRS 15 did not have a material impact on the Company's consolidated financial statements.

IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 Leases of which requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases. The adoption of IFRS 16 did not have a material impact on the Company's consolidated financial statements as the Company has no leases.

t) Standards, Amendments and Interpretations Not Yet Effective

The Company will be required to adopt the following standards and amendments issued by the IASB as described below.

IFRS 17 Insurance Contracts

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

Effective for the Company's annual period beginning January 1, 2021. The Company has yet to assess the impact of IFRS 17 on its consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in loss and comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The key areas of judgment applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

a) Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects;

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – cont'd

b) Judgment is required in the determination that the Company will continue as a going concern for the next year (Note 1).

c) The carrying value of the investment in acquisition costs relates to a mineral interest and exploration and evaluation asset, and the recoverability of their carrying values. The Company's accounting policy for acquisition costs relating to the mineral interest and exploration and evaluation asset requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

   If, after acquisition costs relating to the mineral interest or exploration and evaluation asset are capitalized, information becomes available suggesting that the carrying amount of the mineral interest or exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test at the cash-generating unit ("CGU") or group of cash-generating units ("CGUs") level in the year the new information becomes available. The recoverable amount of the exploration and evaluation asset has been determined using comparable phosphate exploring and mining companies in Peru and abroad, market capitalization and estimated enterprise value of the Company. Such calculations and models were required to estimate, amongst other items, the estimation of the resource, amount and timing of extraction of mineralization, commodity prices, input costs, discount rates and currency rates. The data utilized to estimate these key items included available NI 43-101 reports, feasibility studies and judgements regarding life of mine and mine plan.

d) Inventory valuation requires judgment to determine obsolescence and estimates of provisions for obsolescence to ensure that the carrying value of inventory is not in excess of net realizable value.

e) The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

f) Judgment is applied in determining whether disposal groups represent a component of the entity, the results of which should be recorded as discontinued operations in the consolidated statements of operations and comprehensive loss.

The key estimates applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

a) The Company may be subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business and on dispositions of mineral property or interests therein, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events, and interpretation of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

b) The fair value of the derivative liability is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the conversion feature, expected volatility, expected life of the derivative, expected dividends and the risk-free rate. Changes in the input assumptions could affect the liability and derivative liability components recognized in the consolidated statements of financial position and the accretion expense and fair value change recognized in profit or loss.

5. NON-CONTROLLING INTEREST

Juan Paulo Quay S.A.C. ("JPQ"), a 70% owned subsidiary of the Company, has material non-controlling interests ("NCI") in the Company.

JPQ Agreement

On March 26, 2015, the Company's Peruvian subsidiary, Agrifos Peru S.A.C. ("Agrifos Peru") completed a purchase agreement with the shareholders (the "Vendors") of JPQ, titleholder of the Bayovar 12 phosphate mining concession (the "Bayovar 12 Project") located in Northern Peru, whereby the Company acquired a 70% interest in shares of JPQ (the "Bayovar Interest"), and thereby cancelling a previously granted option agreement to earn such interest.

Additional terms to the purchase agreement included:

i) the Company was required to spend a minimum of US$14.0 million in development of the Bayovar 12 Project (such amount to include expenditures incurred prior to the purchase agreement), with no time limit for making such expenditure and without dilution to the Vendor's remaining 30% interest;
ii) if after spending US$14.0 million further funding was needed to determine the viability of a phosphate operation, the Company must have incurred additional development expenditures of up to US$4.0 million of which 30% would have been treated as a loan to the Vendors;
iii) port and loading services for the future export of phosphate rock would have been provided by the Vendors at commercial rates at the JPQ Maritime Terminal located 40 kilometres west of the Bayovar 12 Project; and
iv) the Company had a right of first refusal for the purchase of the Vendors' 30% interest in JPQ.

The Company was also responsible for certain costs relating to keeping the Bayovar 12 Project in good standing until the terms i) and ii) of the purchase agreement was completed. During the year ended December 31, 2019, costs totaling $114,520 were excluded from the NCI (thirteen months ended December 31, 2018: costs totaling $171,296 and a gain of $99,429). During the year ended December 31, 2019, a $667,817 gain on sales tax reassessment was recorded and the amount entirely allocated to the NCI as they funded the original sales tax assessment. Of this gain, $620,538 was returned to the NCI and recorded as a return of contributed equity.

Subsequent to December 31, 2019, the Company began a process to relinquish the Bayovar 12 Project (Note 9).

(Expressed in Canadian Dollars)

5. NON-CONTROLLING INTEREST – cont'd

Summarized financial information in relation to JPQ, before intra-group eliminations, is presented below together with amounts attributed to NCI:

	Year Ended December 31, 2019	Thirteen Months Ended December 31, 2018
Revenue and other income	$ 536,968	$ 173,322
Gypsum production expenses	(855,207)	(393,196)
Amortization	(3,289)	(3,037)
Foreign exchange loss	(5,515)	(19,238)
Gain from sales tax reassessment	667,817	-
Write-down of inventory	(232,196)	-
Write-down of mineral interest	(10,893,788)	-
Loss before tax	(10,785,210)	(242,149)
Deferred income tax recovery	2,862,897	372,125
Net income (loss) after tax	$ (7,922,313)	$ 129,976
Income (loss) allocated to NCI	$ (1,944,525)	$ 60,554
Other comprehensive income allocated to NCI:		
Currency translation adjustment	(63,529)	33,958
Total comprehensive income (loss) allocated to NCI	$ (2,008,054)	$ 94,512
Dividends paid to NCI	$ -	$ -
Cash flows from operating activities	$ 344,063	$ (239,112)
Cash flows from investing activities	-	-
Cash flows from financing activities	(470,872)	472,914
Net cash inflows (outflows)	$ (126,809)	$ 233,802

As at	December 31, 2019	December 31, 2018
Current assets	$ 334,887	$ 846,304
Non-current assets	8,650	10,804,896
	343,537	11,651,200
Current liabilities	(80,299)	(196,429)
Non-current liabilities	(59,775)	(3,050,279)
	(140,074)	(3,246,708)
Net assets	$ 203,463	$ 8,404,492
Non-controlling interests at 30%	$ 61,039	$ 2,521,348
Non-controlling interest non-reciprocal contribution	-	168,283
Accumulated non-controlling interests	$ 61,039	$ 2,689,631

(Expressed in Canadian Dollars)

6. GYPSUM PRODUCTION AND INVENTORY

The Company produced gypsum on its Bayovar 12 Project in compliance with the requirements of the Peru mining authority for maintaining the Bayovar 12 concession in good standing, with minimum production set at 80,000 tonnes for each twelve-month period ended June 30th. In early 2019, the Bayovar 12 Project region experienced heavy rainfall resulting in flooding which impacted the Company's ability to access the property and perform extraction activities. As a result, the Company was unable to meet the minimum production requirements for the twelve-month period ended June 30, 2019. Management of the Company was in discussions with the mining authority regarding the annual minimum production requirements until such time that the Company decided to begin the process of relinquishing the Bayovar 12 Project subsequent to December 31, 2019 (note 9).

During the year ended December 31, 2019, the Company sold 59,105 tonnes of gypsum for gross proceeds of $536,968 and produced 4,125 tonnes of gypsum (Thirteen months ended December 31, 2018: sold 10,892 tonnes of gypsum for gross proceeds of $173,322 and produced 143,890 tonnes of gypsum). As of December 31, 2019, the Company held 118,679 tonnes of gypsum inventory (2018: 174,268 tonnes).

Subsequent to December 31, 2019, the Company donated 118,679 tonnes of gypsum inventory to the Fundacion Comunal San Martin de Sechura in Peru for $Nil proceeds. As a result, the $232,196 carrying cost of the inventory was written down to its net recoverable value of $Nil as at December 31, 2019.

	December 31, 2019	December 31, 2018
Gypsum inventory	$ -	$ 562,701

7. PROPERTY AND EQUIPMENT

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Cost					
Balance, November 30, 2017	$ 45,185	$ 33,951	$ 29,154	$ 19,060	$ 127,350
Additions	-	1,962	1,382	-	3,344
Balance, December 31, 2018	45,185	35,913	30,536	19,060	130,694
Additions	-	-	-	-	-
Balance, December 31, 2019	**$ 45,185**	**$ 35,913**	**$ 30,536**	**$ 19,060**	**$ 130,694**
Accumulated amortization					
Balance, November 30, 2017	$ 33,212	$ 32,390	$ 19,722	$ 14,220	$ 99,544
Charge for period	2,632	714	3,926	2,665	9,937
Balance, December 31, 2018	35,844	33,104	23,648	16,885	109,481
Charge for year	2,656	822	1,533	2,175	7,186
Balance, December 31, 2019	**$ 38,500**	**$ 33,926**	**$ 25,181**	**$ 19,060**	**$ 116,667**
Carrying amounts					
At December 31, 2018	$ 9,341	$ 2,809	$ 6,888	$ 2,175	$ 21,213
At December 31, 2019	**$ 6,685**	**$ 1,987**	**$ 5,355**	**$ -**	**$ 14,027**

(Expressed in Canadian Dollars)

8. GYPSUM MINERAL INTEREST

The Company's mineral interest comprised the gypsum mineral portion of the Bayovar 12 Project interest acquired through a 2015 business combination with JPQ.

During the 2016 fiscal year, the carrying value of the mineral interest was determined to be impaired and as a result, written down to $Nil. At December 31, 2019 and 2018, there were no indicators that would have led to a reversal of the previous year's impairment charges and subsequent to December 31, 2019, the Company in the process of relinquishing the Bayovar 12 Project.

9. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition costs on its mineral properties as at December 31, 2019:

		Bayovar
Balance, November 30, 2017	$	9,842,851
Cumulative translation adjustment		138,284
Balance, December 31, 2018		9,981,135
Cumulative translation adjustment		(303,731)
Write-off of exploration and evaluation asset		(9,677,404)
Balance, December 31, 2019	**$**	**-**

Bayovar 12 Project

In March 2015, the Company's Peruvian subsidiary, Agrifos Peru, acquired a 70% interest in the issued share capital of JPQ. Subsequent to December 31, 2019, the Company is in the process of relinquishing its interest in the Bayovar 12 Project and as a result, management determined there were indicators of impairment and wrote off the capitalized cost of $9,677,404 as at December 31, 2019 to its recoverable value of $Nil based on level 3 of the fair value hierarchy.

10. GOODWILL

The Company's goodwill represented the excess of the purchase price paid during the 2015 fiscal year for the acquisition of JPQ over the fair value of the net identifiable tangible and intangible assets and liabilities.

Goodwill was allocated to two cash-generating units ("CGUs") for impairment testing as follows:

- Gypsum Mineral Interest CGU (impaired to $Nil during the 2016 fiscal year)
- Exploration and Evaluation CGU (impaired to $Nil during the 2018 fiscal year)

Change in goodwill for the year ended December 31, 2019 and thirteen months ended December 31, 2018:

Balance, November 30, 2017	$	434,696
Impairment charge		(430,988)
Cumulative translation adjustment		(3,708)
Balance, December 31, 2018		-
Balance, December 31, 2019	**$**	**-**

(Expressed in Canadian Dollars)

10. GOODWILL – cont'd

Exploration and Evaluation CGU

The recoverable amount of the exploration and evaluation cash generating unit was determined based on a value in use calculations with the Company's enterprise value. During the 2018 fiscal year there were indicators of impairment to the goodwill on the exploration and evaluation CGU and as a result, the goodwill was written down to $Nil during that fiscal period.

11. PHOSPHATE PROPERTY EXPENDITURES

During the year ended December 31, 2019 and thirteen months ended December 31, 2018, the Company incurred the following exploration expenditures relating to the Bayovar 12 phosphate mineral property which were expensed as incurred:

		Year ended December 31, 2019		Thirteen months ended December 31, 2018
Geological and other consulting (Note 17)	$	175,714	$	248,962
Office and administration		75,043		96,497
Salaries		159,876		330,377
Travel		8,355		47,014
Value added tax		1,762		4,428
Exploration expenditures	**$**	**420,750**	**$**	**727,278**

12. TERM DEBT

Sprott Loan

On March 24, 2015, the Company received a $6,231,500 (US$5.0 million) loan facility, as amended (the "Loan") from lenders led by Sprott Resource Lending Partnership ("Sprott"). $4,985,200 (US$4.0 million) of the Loan funds were used to purchase an interest in the Bayovar 12 Project (Note 5). The loan matured September 30, 2019. During the 2017 fiscal year, the Company repaid $670,450 (US$500,000) of the Loan outstanding principal.

During the thirteen months ended December 31, 2018, the Company restructured the loan through the issuance of secured convertible debentures and share purchase warrants to Sprott (Note 13) to repay in full the outstanding Loan balance of $4,068,466 (US$3,114,019), including accrued interest.

The finance expense that was recorded for the thirteen months ended December 31, 2018 is comprised of the following:

		December 31, 2018
Interest payments	$	338,597
Accretion of transaction costs		170,250
Other fees		-
	$	**508,847**

(Expressed in Canadian Dollars)

13. CONVERTIBLE DEBENTURES

		Debt liability component		Derivative liability component		Total
Balance, November 30, 2017	$	-	$	-	$	-
Fair value of debenture issued on August 23, 2018		3,604,004		495,679		4,099,683
Fair value of debenture issued on August 30, 2018		439,119		60,881		500,000
Transaction costs allocated		(4,903)		-		(4,903)
Fair value adjustment		-		(34,337)		(34,337)
Accretion of interest		51,232		-		51,232
Balance, December 31, 2018		4,089,452		522,223		4,611,675
Fair value adjustment		-		(469,902)		(469,902)
Accretion of interest		(113,002)		-		(113,002)
Gain on change in estimate		163,725		-		163,725
Balance, December 31, 2019	**$**	**4,140,175**	**$**	**52,321**	**$**	**4,192,496**

Secured Debentures

On August 23, 2018, the Company issued secured convertible debentures for the total principal sum of $4,068,466 and 25,427,912 share purchase warrants to Sprott to repay in full the Loan (Note 12). The debentures have a term of three years, and may be convertible, at the election of the holder, into common shares of the Company at the rate of $0.08 per share (for a maximum of 50,855,824 shares) if converted on or before August 23, 2019, or at the rate of $0.10 per share (for a maximum of 40,684,660 shares) if converted after August 23, 2019. The share purchase warrants are exercisable at a price of $0.08 per share for up to three years.

The debentures bear interest which is to be paid quarterly in cash at the rate of 8% per annum. The Company may however, subject to TSX-V approval at the time, elect to pay the interest in common shares of the Company, in which case the interest rate for the applicable payment will be 10% per annum instead of 8%.

The debentures issued to Sprott are secured by a first charge on all assets of the Company, including its 70% interest in JPQ.

The debentures and warrants issued to Sprott include a restriction such that the holder may only be issued the number of debenture shares or warrant shares at any given time that will not result in the holder owning or controlling 20% or more of the total outstanding shares of the Company on a non-diluted basis, unless and until a resolution approving such issuance of shares has been passed by the shareholders of the Company in accordance with the applicable rules and policies of the TSX-V.

For accounting purposes, the secured convertible debenture of $4,068,466 is a hybrid financial instrument and was allocated into corresponding debt and derivative liability (conversion feature) components at the date of issue. Due to the varying conversion prices of the debenture, the conversion feature is accounted for as a derivative liability. The Company used the fair value of the derivative liability and warrants issued using Black Scholes option pricing model and calculated the present value of the cash-flows, which consists of interest and principal payment, to calculate the total consideration paid for the debt component. The debt component is subsequently accreted to the face value of the debt portion of the convertible debenture at the effective interest rate of 14.7%. The derivative liability component is re-measured at fair value at each reporting period. Upon issuance of the secured debenture, the Company recorded a debt component of $3,604,004, a derivative component of $495,679, and warrant balance of $352,635.

13. CONVERTIBLE DEBENTURES – cont'd

Secured Debentures – cont'd

During the 2018 fiscal year, transaction costs of $55,085 were incurred on the secured debenture and were recorded as a loss on extinguishment of long-term debt. The Company also recorded a loss relating to the extinguishment of the term debt (Note 12) of $383,852 due to the restructuring of the loan.

During the year ended December 31, 2019, accretion of interest of $194,808 on the secured convertible debentures was charged to profit or loss and is included in finance expense (thirteen months ended December 31, 2018: $45,289).

During the year ended December 31, 2019, the Company accrued a liability of $325,477 pertaining to interest owing on the secured debentures (thirteen months ended December 31, 2018: $Nil).

During the year ended December 31, 2019, the Company recorded a $163,725 gain on change of estimate of long-term debt as a result of changing the interest rate used in the calculation of interest accrued on the Secured Debentures from a rate of 10% for interest paid by the issuance of common shares to 8% for interest paid by cash.

Unsecured Debentures

On August 30, 2018, the Company issued unsecured convertible debentures for total proceeds of $500,000 and a total of 3,125,000 share purchase warrants to a director of the Company and to a company controlled by the Chief Executive Officer of the Company. The debentures have a term of three years, and may be convertible, at the election of the holders, into common shares of the Company at the rate of $0.08 per share (for a maximum of 6,250,000 shares) if converted on or before August 30, 2019, or at the rate of $0.10 per share (for a maximum of 5,000,000 shares) if converted after August 30, 2019. The share purchase warrants are exercisable at a price of $0.08 per share for up to three years.

The debentures bear interest which is to be paid quarterly in common shares of the Company, subject to TSX-V approval at the time, at the rate of 10% per annum.

For accounting purposes, the convertible debentures of $500,000 are hybrid financial instruments and were allocated into corresponding debt and derivative liability (conversion feature) components at the date of issue. Due to the varying conversion prices of the debenture, the conversion feature is accounted for as a derivative liability. The Company used the residual value method, which allocated value first to the derivative component, based on the calculated fair value using the Black-Scholes option pricing model then to the debt component calculated at the present value of the cash-flows, which consists of interest and principal payment and then the residual to the warrants. The debt component is subsequently accreted to the face value of the debt portions of the convertible debentures at the effective interest rate of 15.5%. The derivative liability component is re-measured at fair value at each reporting period. Upon issuance of the unsecured debentures, the fair value was separated into a debt component of $439,119 and a derivative component of $60,881. No fair value was attributed to the warrants.

Transaction costs of $5,572 were incurred on the unsecured convertible debentures, of which $4,903 was allocated to the debt component and $669 to the derivative component. Transaction costs allocated to the derivative component were charged to profit or loss during the thirteen months ended December 31, 2018.

During the year ended December 31, 2019, accretion of $19,640 on the unsecured convertible debentures was charged to profit or loss and is included in finance expense (thirteen months ended December 31, 2018: $5,943).

During the year ended December 31, 2019, the Company recorded $50,000 in obligation to issue common shares pertaining to the interest accrued on the unsecured debentures (thirteen months ended December 31, 2018: $161,754 on the secured debentures and the unsecured debentures).

(Expressed in Canadian Dollars)

14. ASSET RETIREMENT OBLIGATION

The Company's asset retirement obligation relates to the restoration and rehabilitation of JPQ's gypsum mining operations. Although the ultimate amount of the asset retirement provision is uncertain, the fair value of this obligation is based on information currently available, including closure plans and the Company's interpretation of current regulatory requirements.

The asset retirement obligation represents the present value of the restoration and rehabilitation costs relating to mining activities that have occurred to date. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Due to the Company being in the process of relinquishing the Bayovar 12 Project, the rehabilitation expenditure is expected to be incurred during 2020.

		December 31, 2019		**December 31, 2018**
Balance, beginning of period	$	79,109	$	169,481
Change in liability estimate		(15,953)		(89,336)
Accretion of interest		1,200		1,232
Foreign exchange adjustment		(4,581)		(2,268)
Balance, end of period	**$**	**59,775**	**$**	**79,109**

As at December 31, 2019, the Company has determined that it has a rehabilitation provision of $59,775 regarding its Bayovar 12 Project.

15. SHARE CAPITAL AND RESERVES

(a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

Year ended December 31, 2019

On January 17, 2019, the Company closed a private placement of 11,180,000 units at $0.05 per unit for gross proceeds of $559,000, of which $459,000 was received prior to the current period. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share exercisable for one year at a price of $0.05. The Company paid $250 cash as finders' fees in connection with the financing. Other share issuance costs associated with this financing totalled $3,745. Of the $459,000 gross proceeds of the private placement, $391,300 was recorded to share capital and $167,700 allocated to the warrants and recorded in other equity reserve.

Thirteen months ended December 31, 2018

A total of 87,500 common shares with a fair value of $8,750 were issued to the former President of the Company for services provided and a total of 229,166 common shares with a fair value of $25,208 were issued to the current President of the Company for services provided (Note 17). The fair value of the shares issued for services is based on the quoted market prices on the date that the person is entitled to the shares.

(Expressed in Canadian Dollars)

15. SHARE CAPITAL AND RESERVES – cont'd

(b) Share Purchase Warrants

The following is a summary of changes in warrants from December 1, 2017 to December 31, 2019:

	Number of warrants	Weighted average exercise price
Balance, November 30, 2017	30,221,525	$0.43
Issued	28,552,912	$0.08
Balance, December 31, 2018	58,774,437	$0.26
Issued	11,180,000	$0.05
Balance, December 31, 2019	**69,954,437**	**$0.24**

As at December 31, 2019, the following warrants were outstanding:

Expiry date	Number of warrants	Exercise price
January 16, 2020	11,180,000	$0.05
November 11, 2020	4,668,000	$0.80
August 23, 2021[1]	25,427,912	$0.08
August 30, 2021[2]	3,125,000	$0.08
March 22, 2022	25,553,525	$0.40
	69,954,437	

(1) The expiry date for these warrants may be accelerated to immediately upon the debentures issued on August 23, 2018 being repaid or converted in full.

(2) The expiry date for these warrants may be accelerated to immediately upon the debentures issued on August 30, 2018 being repaid or converted in full.

(Expressed in Canadian Dollars)

16. SHARE-BASED PAYMENTS

Option Plan Details

The Company has a stock option plan that has been ratified and approved by the shareholders of the Company in June 2019 (the "Plan"). The Plan allows the Board of Directors to grant incentive stock options to the Company's officers, directors, employees and consultants. The exercise price of stock options granted is determined by the Board of Directors at the time of the grant in accordance with the terms of the Plan and the policies of the TSX-V. Options vest on the date of granting unless stated otherwise. Options granted to investor relations consultants vest in accordance with TSX-V regulation. The options are for a maximum term of ten years.

The following is a summary of changes in options for the year ended December 31, 2019:

				During the year				
Grant date	**Expiry date**	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Expired**	**Closing balance**	**Vested and exercisable**
Jan 15, 2009	Jan 14, 2019	$0.76	180,000	-	-	(180,000)	-	-
Jun 29, 2011	Jun 28, 2021	$1.20	18,750	-	-	-	18,750	18,750
Jun 20, 2012	Jun 19, 2022	$0.84	326,250	-	-	-	326,250	326,250
Jul 11, 2012	Jul 10, 2022	$0.84	37,500	-	-	-	37,500	37,500
Dec 18, 2013	Dec 17, 2023	$0.88	565,000	-	-	-	565,000	565,000
Jan 15, 2014	Jan 14, 2024	$0.88	11,250	-	-	-	11,250	11,250
Jun 5, 2014	Jun 4, 2024	$1.04	3,750	-	-	-	3,750	3,750
			1,142,500	**-**	**-**	(180,000)	**962,500**	**962,500**
Weighted average exercise price			**$0.85**	**-**	**-**	**$0.76**	**$0.87**	**$0.87**

The following is a summary of changes in options for the thirteen months ended December 31, 2018:

				During the period				
Grant date	**Expiry date**	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Expired**	**Closing balance**	**Vested and exercisable**
Jan 15, 2009	Jan 14, 2019	$0.76	180,000	-	-	-	180,000	180,000
Jun 29, 2011	Jun 28, 2021	$1.20	18,750	-	-	-	18,750	18,750
Jun 20, 2012	Jun 19, 2022	$0.84	326,250	-	-	-	326,250	326,250
Jul 11, 2012	Jul 10, 2022	$0.84	37,500	-	-	-	37,500	37,500
Dec 18, 2013	Dec 17, 2023	$0.88	565,000	-	-	-	565,000	565,000
Jan 15, 2014	Jan 14, 2024	$0.88	11,250	-	-	-	11,250	11,250
Jun 5, 2014	Jun 4, 2024	$1.04	3,750	-	-	-	3,750	3,750
			1,142,500	**-**	**-**	**-**	**1,142,500**	**1,142,500**
Weighted average exercise price			**$0.85**	**-**	**-**	**-**	**$0.85**	**$0.85**

(Expressed in Canadian Dollars)

16. SHARE-BASED PAYMENTS – cont'd

Fair Value of Options Issued During the Period

There were no options granted during the year ended December 31, 2019 and thirteen months ended December 31, 2018.

The weighted average remaining contractual life of the options outstanding at December 31, 2019 is 3.36 years (2018: 3.68 years).

Expenses Arising from Share-based Payment Transactions

During the thirteen months ended December 31, 2018, there was $7,639 in geological and other consulting expense recognized and arising from share-based payment transactions (Note 17).

17. RELATED PARTY TRANSACTIONS

The Company had transactions during the year ended December 31, 2019 and thirteen months ended December 31, 2018 with related parties who consisted of directors, officers and the following companies with common directors:

Related party	Nature of transactions
Gold Group Management Inc. ("Gold Group")	Shared office, administrative, and personnel costs
Mill Street Services Ltd. ("Mill Street")	Management services
Puerto de Bayovar SAC ("Puerto de Bayovar")	Gypsum Sales

Related party transactions for the year ended December 31, 2019 and thirteen months ended December 31, 2018, in addition to related party transactions disclosed elsewhere in the consolidated financial statements, comprise the following:

a) The Company reimbursed Gold Group, a company controlled by the Chief Executive Officer of the Company, for shared administration costs consisting of the following:

	Year Ended December 31, 2019	Thirteen Months Ended December 31, 2018
Office and miscellaneous	$ 17,937	$ 22,516
Regulatory and stock exchange fees	1,824	7,335
Rent and utilities	17,063	21,594
Salaries and benefits	52,889	74,094
Shareholder communication	592	1,768
Travel and accommodation	2,005	16,657
Exploration expenditures	-	8,100
	$ 92,310	**$ 152,064**

Gold Group is reimbursed by the Company for these shared costs and other business-related expenses paid by Gold Group on behalf of the Company. Salary and benefits include those for the Chief Financial Officer and Corporate Secretary.

b) During the year ended December 31, 2019, the Company had gypsum sales of $248,817 (thirteen months ended December 31, 2018: $49,368) to Puerto de Bayovar, a company controlled by the NCI.

(Expressed in Canadian Dollars)

17. RELATED PARTY TRANSACTIONS – cont'd

Other receivables as of December 31, 2019 include $91,407 (2018: $54,112) owing from Puerto de Bayovar for gypsum sales.

Prepaid expenses and deposits as of December 31, 2019 include $2,113 (2018: $3,181) paid to Gold Group.

Long term deposits as of December 31, 2019 consists of $61,000 (2018: $61,000) paid to Gold Group and are related to the shared administrative services agreement with Gold Group. Upon termination of the agreement, the deposits, less any outstanding amounts owing to Gold Group, are to be refunded to the Company.

Accounts payable and accrued liabilities as of December 31, 2019 includes $239,860 (2018: $144,927) owing to Gold Group, $44,800 (2018: $700) owing to Mill Street, a company controlled by the Chief Executive Officer, $70,000 (2018: $Nil) owing to the President for project management fees, and $353,197 (2018: $Nil) owing to a director of the Company for advances made to the Company. The amount owing to Gold Group is partially secured by a deposit and is interest bearing if not paid within a certain period.

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

		Year Ended December 31, 2019		Thirteen Months Ended December 31, 2018
Management fees	$	42,000	$	45,500
Geological and other consulting fees [(1)]		70,000		137,639
Salaries and benefits		13,292		25,071
	$	**125,292**	**$**	**208,210**

[(1)] During the thirteen months ended December 31, 2018, 87,500 common shares with a fair value of $8,750 were issued to the former President of the Company for services provided and a total of 229,167 common shares with a fair value of $25,208 were issued to the current President of the Company for services provided, of which $7,639 was charged to operations for the thirteen months ended December 31, 2018.

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the year ended December 31, 2019 and thirteen months ended December 31, 2018.

(Expressed in Canadian Dollars)

18. INCOME TAXES

Taxation in the Company and its subsidiaries' operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The difference between tax expense and the expected income taxes based on the statutory tax rate arises as follows:

	Year Ended December 31, 2019	Thirteen Months Ended December 31, 2018
Loss before income tax	$ (10,236,289)	$ (3,005,674)
Tax recovery based on the statutory rate of 27.00% (2018: 27.00%)	(2,764,000)	(812,000)
Differential in tax rates in other jurisdictions	(246,000)	(43,000)
Non-deductible expenses	-	14,000
Effect of change in tax rates	(2,000)	(136,000)
Share issue costs and other	(1,000)	152,000
Under provided in prior years	(231,000)	(891,000)
Changes in unrecognized deferred tax assets	450,000	1,393,000
Total income tax recovery	**$** (2,794,000)	**$** (323,000)

The British Columbia provincial tax rate and the Canadian Federal corporate tax rate is 12% and 15% respectively.

The tax rate of 0.0% represents the federal statutory rate applicable for the 2019 taxation year for the Cayman Islands, and 29.5% for Peru.

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will be generated to allow the deferred tax asset to be recovered:

	December 31, 2019	December 31, 2018
Loss carry forwards	$ 5,055,000	$ 4,443,000
Capital losses	1,891,000	977,000
Financing costs	13,000	41,000
Property and equipment and other	9,000	11,000
Asset retirement obligation	20,000	-
Exploration and evaluation assets	977,000	2,860,000
Deferred tax assets	**$ 7,965,000**	**$ 8,332,000**

(Expressed in Canadian Dollars)

18. INCOME TAXES – cont'd

Deferred tax liability consists of:

	December 31, 2019	December 31, 2018
Mineral interest and E&E assets in JPQ	$ -	$ (2,971,170)
Total	**$ -**	**$ (2,971,170)**

As at December 31, 2019, the Company has estimated non-capital losses of $11,404,000 (2018: $10,402,000) for Canadian income tax purposes that may be carried forward to reduce taxable income expiring in various amounts starting from 2027 to 2038.

19. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector relating to precious metals exploration. Due to the geographic and political diversity, the Company's exploration operations are decentralized whereby exploration managers are responsible for business results and regional corporate offices provide support to the exploration programs in addressing local and regional issues. The Company's operations are therefore segmented on a district basis. The Company's assets are located in Canada and Peru.

Details of financial performance by geographical segments are as follows:

Year ended December 31, 2019	**Canada**	**Peru**	**Total**
Gypsum revenue	$ -	$ 536,968	$ 536,968
Gypsum production costs	-	855,207	855,207
Phosphate exploration expenditures	-	420,750	420,750
Amortization	2,503	4,683	7,186
Interest and other income	26	-	26
Inventory written off	-	232,196	232,196
Exploration and evaluation assets written off	-	9,677,404	9,677,404
Net loss	(210,485)	(7,162,907)	(7,373,392)

Thirteen months ended December 31, 2018	**Canada**	**Peru**	**Total**
Gypsum revenue	$ -	$ 173,322	$ 173,322
Gypsum production costs	-	393,196	393,196
Phosphate exploration expenditures	-	727,278	727,278
Amortization	3,319	6,618	9,937
Interest and other income	1,780	-	1,780
Net loss	(2,012,123)	(621,426)	(2,663,549)
Capital expenditures*	-	3,344	3,344

*Capital expenditures consists of additions of property and equipment

(Expressed in Canadian Dollars)

19. SEGMENTED INFORMATION – cont'd

Details of identifiable assets and liabilities by geographical segments are as follows:

As at December 31, 2019	Canada	Peru	Total
Total current assets	$ 26,797	$ 353,942	$ 380,739
Total non-current assets	61,766	13,261	75,027
Total assets	**$ 88,563**	**$ 367,203**	**$ 455,766**
Total current liabilities	$ 1,247,977	$ 101,358	$ 1,349,335
Total non-current liabilities	4,192,496	59,775	4,252,271
Total liabilities	**$ 5,440,473**	**$ 161,133**	**$ 5,601,606**

As at December 31, 2018	Canada	Peru	Total
Total current assets	$ 135,722	$ 876,893	$ 1,012,615
Total non-current assets	64,269	9,999,079	10,063,348
Total assets	**$ 199,991**	**$ 10,875,972**	**$ 11,075,963**
Total current liabilities	$ 293,372	$ 206,788	$ 500,160
Total non-current liabilities	4,611,675	3,050,279	7,661,954
Total liabilities	**$ 4,905,047**	**$ 3,257,067**	**$ 8,162,114**

20. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the thirteen months ended December 31, 2018, cash paid for Loan interest totaled $338,597.

During the year ended December 31, 2019 and thirteen months ended December 31, 2018, no cash was paid for income taxes.

Non-cash transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

During the year ended December 31, 2019, there were no non-cash transactions.

During the thirteen months ended December 31, 2018, the Company completed the following non-cash transaction:

a) Issued a total of 316,667 common shares with a value of $33,958 for geological and management fees (Note 17).

(Expressed in Canadian Dollars)

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk;
- Credit Risk; and
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at December 31, 2019, the Company is exposed to foreign currency risk and interest rate risk.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to fluctuations in foreign currencies through its operations in Canada and Peru. The Company monitors this exposure, but has no hedge positions.

As at December 31, 2019 and 2018, the Company was exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	2019		**2018**	
	Peruvian Soles (CDN equivalent)	**US Dollars** (CDN equivalent)	**Peruvian Soles** (CDN equivalent)	**US Dollars** (CDN equivalent)
Cash	$ 4,947	$ 17,619	$ 2,305	$ 3,418
Taxes receivable	202,961	-	212,663	-
Other receivables	-	91,328	56,756	-
Liabilities	(101,357)	(331,573)	(206,787)	(13,948)
	$ 106,551	**$ (222,626)**	**$ 64,937**	**$ (10,530)**

(Expressed in Canadian Dollars)

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – cont'd

Foreign Currency Risk – cont'd

Based on the above net exposures at December 31, 2019, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in an increase or decrease of approximately $11,600 (2018: $5,400) in the Company's after-tax net loss, respectively.

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 market interest rates. The Company is exposed to interest rate risk on its convertible debenture debt and cash. As the Company's cash is currently held in an interest-bearing bank account and the Company's convertible debenture debt is subject to fixed interest rates, management considers the interest rate risk to be limited.

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and other receivables. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset based commercial paper. For other receivables, the Company estimates, on a continuing basis, the expected credit losses and provides an impairment provision as required.

c) Liquidity 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 approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At December 31, 2019, the Company had a working capital deficiency of $968,596 (2018: working capital of $512,455). All of the Company's short-term financial liabilities as of December 31, 2019 have contractual maturities of less than 45 days and are subject to normal trade terms.

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at December 31, 2019:

	1 year	2 years	Total
Accounts payable and accrued liabilities	$ 1,023,858	$ -	$ 1,023,858
Convertible debenture (Note 13)	325,477	4,242,989	4,568,466
	$ 1,349,335	$ 4,242,989	$ 5,592,324

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at December 31, 2018:

	1 year	3 years	Total
Accounts payable and accrued liabilities	$ 500,160	$ -	$ 500,160
Convertible debenture (Note 13)	-	4,568,426	4,568,426
	$ 500,160	$ 4,568,426	$ 5,068,586

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – cont'd

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statement of financial position carrying amounts for cash, receivables, and accounts payable and accrued liabilities approximates fair value due to their short term nature. The derivative liability is measured at fair value and categorized in level 3. The fair value of the derivative liability is based on the Black-Scholes option pricing model. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

There were no transfers between Levels in the period.

22. CAPITAL MANAGEMENT

The Company monitors its cash, debt and convertible debenture debt, common shares, warrants and stock options as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to explore new mineral property opportunities. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it in order to effectively support the acquisition and exploration of mineral properties. The phosphate property in which the Company currently has an interest is in the exploration stage, and as such, the Company is dependent on external financing to fund any future activities. In order to pay for general administrative costs, the Company will use its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2019. The Company's investment policy is to hold cash in interest bearing bank accounts and/or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company does not expect its current capital resources to be sufficient to cover its corporate operating costs, closure costs relating to its formerly held Bayovar 12 Project, and any new property acquisition or development programs through the next twelve months. As such, the Company will need to raise additional capital. Actual funding requirements may vary from those planned due to a number of factors, including the progress of property development activity. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto.

23. CONTINGENT LIABILITY

In 2014, JPQ entered into an agreement with Fosfatos Del Pacifico, S.A. ("Fospac") to grant Fospac the right of easement on a strip of land located on the Bayovar 12 Project. The easement is valid from June 10, 2014 until the earlier of May 7, 2039 and the date JPQ relinquishes its rights to the Bayovar 12 Project.

As consideration, Fospac paid 1,800,000 Soles in 2014. Pursuant to the agreement, if JPQ returns or loses the concession or surface rights to the Bayovar 12 Project within the sixth to tenth years of the agreement, JPQ is to refund Fospac 50% of the consideration. There is no refund obligation after the tenth year.

24. EVENTS AFTER THE REPORTING DATE

Subsequent to December 31, 2019, the following events, which has not been disclosed elsewhere in these consolidated financial statements has occurred:

a) A total of 11,180,000 share purchase warrants exercisable at $0.05 per share expired unexercised.

b) A total of 5,000 stock options exercisable at $0.88 per share and 6,250 stock options exercisable at $0.84 per share expired unexercised.

c) Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. 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 and the impact on the financial results and condition of the Company in future periods.