

ABRAPLATA RESOURCE CORP.

Consolidated Financial Statements

December 31, 2018

(expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of AbraPlata Resource Corp.

Opinion

We have audited the consolidated financial statements of AbraPlata Resource Corp. ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017 and the consolidated statements of operations and comprehensive (income) loss, changes in equity, and cash flows for the periods then ended, and 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, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the periods then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty 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:

- Management's Discussion and Analysis

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

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

We obtained the other information prior to the date of this auditor's 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 auditor's 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
April 30, 2019**

ABRAPLATA RESOURCE CORP.Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash	\$ 11,662	\$ 22,223
Receivable	38,944	69,082
Prepaid	5,442	17,796
	56,048	109,101
Non-current assets		
Mineral interests (note 9)	3,949,776	4,857,051
TOTAL ASSETS	\$ 4,005,824	\$ 4,966,152
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	\$ 951,026	\$ 1,264,839
SHAREHOLDERS' EQUITY		
Share capital (note 11)	21,316,200	18,105,909
Reserves	2,057,958	1,377,442
Accumulated other comprehensive loss	(1,980,334)	(763,588)
Accumulated deficit	(18,339,026)	(15,018,450)
TOTAL SHAREHOLDERS' EQUITY	3,054,798	3,701,313
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,005,824	\$ 4,966,152

Nature of operations and continuance of business (Note 1)
Commitments (Notes 9, 14)

Approved on behalf of the Board of Directors on April 30, 2019:

W. John DeCooman, Jr
DirectorHernan Zaballa
Director

The accompanying notes are an integral part of these consolidated financial statements.

ABRAPLATA RESOURCE CORP.Consolidated Statements of Operations and Comprehensive (Income) Loss
(Expressed in Canadian dollars)

	Year ended December 31, 2018	Fifteen months ended December 31, 2017
ADMINISTRATIVE EXPENSES		
Consulting fees (note 12)	\$ 191,710	\$ 124,671
Management fees (note 12)	300,000	514,462
Mineral property written off (note 9)	621,106	27,378
Insurance	21,806	39,352
Interest	-	302,684
Investor relations	237,708	368,762
Office and administration (note 12)	147,304	287,402
Professional fees (Note 12)	251,818	278,872
Rent	47,441	68,628
Salary and benefits	40,624	51,324
Share-based payments (notes 11 and 12)	621,302	875,340
Transfer agent and filing fees	43,915	41,849
Travel	16,895	69,062
TOTAL ADMINISTRATIVE EXPENSES	2,541,629	3,049,786
EVALUATION AND EXPLORATION EXPENSES (note 10)	816,763	2,392,861
OTHER (INCOME) EXPENSES		
Loss on debt settlement	48,370	-
Listing transaction expense (note 7)	-	2,268,688
Foreign exchange	16,681	21,846
Gain on net monetary position	(102,867)	-
TOTAL OTHER (INCOME) EXPENSES	(37,816)	2,290,534
NET (INCOME) LOSS FOR THE PERIOD	3,320,576	7,733,181
OTHER COMPREHENSIVE (INCOME) LOSS		
Impact of hyperinflation	(1,528,731)	-
Foreign currency translation adjustment	2,745,477	28,515
COMPREHENSIVE LOSS	\$ 4,537,322	\$ 7,761,696
LOSS PER SHARE		
Basic and diluted	\$ 0.06	\$ 0.17
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic and diluted	79,811,785	46,482,793

The accompanying notes are an integral part of these consolidated financial statements.

ABRAPLATA RESOURCE CORP.

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Warrant reserve	Accumulated other comprehensive income (loss)	Accumulated Deficit	Total shareholders' equity (deficit)
	Number of shares	Amount					
Balance September 30, 2016	19,982,056	\$ 8,192,022	\$ -	\$ -	\$ (735,073)	\$ (7,285,269)	\$ 171,680
Shares issued pursuant to reverse takeover transaction	5,944,220	1,783,266	-	-	-	-	1,783,266
Warrants issued as consideration for the loan	-	-	-	275,170	-	-	275,170
Shares issued for cash, net of share issue costs	16,196,110	4,511,163	-	226,932	-	-	4,738,095
Shares issued to SSR Mining	12,947,339	2,620,229	-	-	-	-	2,620,229
Stock options granted	-	-	875,340	-	-	-	875,340
Warrants exercised	9,992,284	999,229	-	-	-	-	999,229
Comprehensive income (loss) for the period	-	-	-	-	(28,515)	(7,733,181)	(7,761,696)
Balance, December 31, 2017	65,062,009	18,105,909	875,340	502,102	(763,588)	(15,018,450)	3,701,313
Private placement, net of share issue costs	13,687,311	2,504,344	-	59,214	-	-	2,563,558
Shares issued to SSR Mining Inc.	2,509,265	602,224	-	-	-	-	602,224
Shares issued for debt	414,893	103,723	-	-	-	-	103,723
Stock options granted	-	-	621,302	-	-	-	621,302
Impact of hyperinflation	-	-	-	-	1,528,731	-	1,528,731
Foreign currency translation adjustment	-	-	-	-	(2,745,477)	-	(2,745,477)
Comprehensive income (loss) for the year	-	-	-	-	-	(3,320,576)	(3,320,576)
Balance December 31, 2018	81,673,478	\$21,316,200	\$ 1,496,642	\$ 561,316	\$ (1,980,334)	\$(18,339,026)	\$ 3,054,798

The accompanying notes are an integral part of these consolidated financial statements.

ABRAPLATA RESOURCE CORP.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Year ended December 31, 2018	Fifteen months ended December 31, 2017
Operating activities		
Net (loss) income	\$ (3,320,576)	\$ (7,733,181)
Items not involving cash		
Hyperinflationary adjustment	(102,867)	-
Foreign exchange	16,681	21,846
Interest paid by warrants	-	275,170
Share-based payments	621,302	875,340
Mineral property write off	621,106	27,378
Listing transaction expense	-	1,817,436
Changes in operating assets and liabilities		
Receivable	30,138	(60,823)
Accounts payable and accrued liabilities	(210,090)	1,056,948
Prepaid	12,354	(16,074)
Cash used in operating activities	(2,331,952)	(3,735,960)
Investing activities		
Cash acquired in RTO	-	475
Additions to mineral interests	(285,642)	(2,273,340)
Cash used in investing activities	(285,642)	(2,272,865)
Financing activities		
Proceeds from shares issued, net of cash share issue costs	2,563,558	4,738,095
Proceeds from warrants exercised	-	999,228
Cash provided by financing activities	2,563,558	5,737,323
Effect of foreign exchange	43,475	(1,869)
Decrease in cash	(10,561)	(273,371)
Cash, beginning of period	22,223	295,594
Cash, end of period	\$ 11,662	\$ 22,223
Non-cash investing and financing activities		
Shares issued for debt	\$ 103,723	\$ -
Shares issued for mineral interests	\$ 602,224	\$ 2,620,229
Shares issued for reverse takeover transaction	\$ -	\$ 1,783,266
Fair value of finders' warrants	\$ 59,214	\$ 226,932

The accompanying notes are an integral part of these consolidated financial statements.

ABRAPLATA RESOURCE CORP.

Notes to the Consolidated Financial Statements

Year ended December 31, 2018 and fifteen months ended December 31, 2017

Expressed in Canadian dollars

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

AbraPlata Resource Corp. (formerly Angel Bioventures Inc.) (the "Company") was incorporated on August 31, 1993 under the Alberta Business Corporations Act. On September 30, 2015, the Company's incorporation jurisdiction was moved to British Columbia. The Company's registered office is located at Suite 303, 750 West Pender Street, Vancouver, BC, V6C 2T7.

On September 16, 2016, the Company signed a binding Letter of Intent ("LOI") with Huayra Minerals Corporation ("Huayra"). The LOI sets out the key terms of the proposed acquisition by the Company of 100% of the issued and outstanding securities of Huayra.

On November 15, 2016, the Company and its wholly-owned subsidiary, 1096494 BC Ltd., entered into a definitive merger agreement (the "Merger Agreement") with Huayra. Huayra is a mineral exploration and development company engaged in the acquisition, exploration and development of mineral resource properties in Argentina. Huayra has an agreement (the "SSRM Agreement") with SSRM Mining Inc. ("SSRM") to acquire an indirect 100% interest in the Diablillos and Aguas Perdidas (previously known as "M-18") properties in Salta and Chubut Provinces, Argentina. Huayra also has rights in the Cerro Amarillo project in the Province of Mendoza, Argentina and the Samenta project in the Province of Salta, Argentina.

As per the terms of the Merger Agreement, Huayra and 1096494 BC Ltd. amalgamated (the "Amalgamation") and the amalgamated company became a wholly-owned subsidiary of the Company. Pursuant to the Amalgamation, the Company acquired all of the issued and outstanding Class A common shares of Huayra in exchange for a like number of common shares of the Company. The Amalgamation was an arm's length transaction and constituted a "reverse takeover" pursuant to the policies of the TSX Venture Exchange (the "Exchange").

The Amalgamation became effective on April 24, 2017. In this regard, the Company entered into an agreement with SSRM providing for the Company's assumption of all of Huayra's obligations under the SSRM Agreement.

As a condition precedent to the Amalgamation, the Company undertook the Concurrent Financing and raised \$2,863,099 in order for the Company to meet the initial listing requirements of the Exchange. The securities issued in the Concurrent Financing consist of 9,543,663 subscription receipts of the Company at a price of \$0.30 per share.

The Company also entered into an amended and restated merger agreement with 1096494 BC Ltd. and Huayra as of February 27, 2017 to replace and supersede the Merger Agreement and address certain corporate matters.

These Consolidated Financial Statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2018, the Company has a working capital deficiency of \$894,978 (December 31, 2017 - \$1,155,738) and has an accumulated deficit of \$18,339,026. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These Consolidated Financial Statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

ABRAPLATA RESOURCE CORP.

Notes to the Consolidated Financial Statements

Year ended December 31, 2018 and fifteen months ended December 31, 2017

Expressed in Canadian dollars

2. BASIS OF PREPARATION

Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) effective December 31, 2018.

The Corporation changed its fiscal year-end from September 30 to December 31. Information included in the financial statements reflects the fiscal period consisting of the twelve months period ending December 31, 2018 as compared to the fifteen months ending December 31, 2017, and as a result, are not entirely comparable.

These Consolidated Financial Statements were authorized for issue by the Board of Directors on April 30, 2019.

Basis of Measurement

These Consolidated Financial Statements are expressed in Canadian dollars, the Company’s presentation currency and have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these Consolidated Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies used in the preparation of these consolidated financial statements are the policies listed in the note 5. These accounting policies have been applied consistently to all periods presented in these Consolidated Financial Statements as if the policies have always been in effect.

3. ADOPTION OF NEW ACCOUNTING POLICY – HYPERINFLATION

Due to various qualitative factors and developments with respect to the economic environment in Argentina during the year ended December 31, 2018, including, but not limited to, the acceleration of multiple local inflation indices, the three-year cumulative inflation rate of the local Argentine wholesale price index exceeding 100% in May 2018 and the significant devaluation of the Argentine Peso, Argentina was designated a hyper-inflationary economy as of July 1, 2018 for accounting purposes.

Accordingly, IAS 29, Financial Reporting in Hyper-Inflationary Economies, has been applied to these consolidated financial statements as the Company’s Argentine operating subsidiaries (the “Argentine Subsidiaries”) use the Argentine Peso as its functional currency. The Company also followed the interpretive guidance for first time adoption of IAS 29 included within IFRIC 7. The consolidated financial statements are based on the historical cost approach in IAS 29.

The application of hyperinflation accounting requires restatement of the Argentine subsidiaries’ nonmonetary assets and liabilities, shareholders’ equity and comprehensive loss items from the transaction date when they were first recognized into the current purchasing power which reflects a price index current at the end of the reporting period before being included in the consolidated financial statements. To measure the impact of inflation on its financial position and results, the Company has elected to use the Wholesale Price Index (Indice de Precios Mayoristas or “IPIM”) for periods up to December 31, 2016, and the Retail Price Index (Indice de Precios al Consumidor or “IPC”) thereafter. These price indices have been recommended by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences (“FACPCE”).

ABRAPLATA RESOURCE CORP.

Notes to the Consolidated Financial Statements

Year ended December 31, 2018 and fifteen months ended December 31, 2017

Expressed in Canadian dollars

3. ADOPTION OF NEW ACCOUNTING POLICY – HYPERINFLATION (continued)

As the consolidated financial statements of the Company have been previously presented in Canadian dollars, a stable currency, the comparative period amounts do not require restatement. For the year ended December 31, 2018, the Company recognized a gain of \$1.5 million in relation to the impact of hyperinflation within other comprehensive income. This amount is primarily the result of hyperinflation adjustments recognized on non-monetary assets held by its Argentine subsidiaries as of July 1, 2018, which have been restated from the historic date when they were first recognized to July 1, 2018 (the “Opening Hyperinflation Adjustment”), and then to the current date, December 31, 2018. On initial application of IAS 29, there is an accounting policy choice to recognize the Opening Hyperinflation Adjustment directly to opening equity or to other comprehensive loss. The Company has elected to recognize this amount to other comprehensive loss and it is included in the figure noted above.

As a result of the change in the IPC from July 1, 2018 to December 31, 2018, the Company recognized a net monetary gain within the Argentine Subsidiaries of \$102,867 for the year ended December 31, 2018, to adjust transactions for the period into a measuring unit current as of December 31, 2018.

The level of the IPC at December 31, 2018 was 184.2, which represents an increase of 27% over the IPC at July 1, 2018, and an approximate 10% increase over the average level of the IPC during the six-month period ended December 31, 2018.

4. CHANGE IN ACCOUNTING POLICY – FINANCIAL INSTRUMENTS

On January 1, 2018, the Company adopted IFRS 9 Financial Instruments which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, the Company’s accounting policy with respect to financial liabilities is unchanged.

(a) Classification and measurement

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive loss and those measured at amortized cost. Measurement and classification of financial assets is dependent on the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original Classification (IAS 39)	New Classification (IFRS 9)
Cash	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Accounts payables and accrued liabilities	Amortized cost	Amortized cost

Financial assets and liabilities at amortized costs are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Investments in equity instruments are required to be measured by default at fair value through profit or loss, unless the Company makes an irrevocable election to present subsequent changes in the fair value of its equity investments in OCI. The application of the new standard did not have an impact as previously reported on the statement of financial position.

ABRAPLATA RESOURCE CORP.

Notes to the Consolidated Financial Statements

Year ended December 31, 2018 and fifteen months ended December 31, 2017

Expressed in Canadian dollars

4. CHANGE IN ACCOUNTING POLICY – FINANCIAL INSTRUMENTS (continued)

(b) De-recognition

The Company derecognizes financial assets when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risk and rewards of ownership to another entity. A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. Gains and losses on de-recognition of financial assets and liabilities are generally recognized in the consolidated statements of net losses.

(c) Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized costs based on a probability-weighted estimate of credit losses over the expected life of the financial asset.

The expected credit losses are reviewed and updated at each reporting date as appropriate to reflect changes in the credit risk of the financial instruments, whereby the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit loss of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the expected credit losses are reversed after the impairment was recognized.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and the Company's wholly-owned subsidiaries Huayra Minerals Corp., Argentine subsidiaries AbraPlata Argentina S.A. (formerly Meryllion Argentina S.A.), Pacific Rim Mining Corporation Argentina S.A., and Minera Cerro Bayo S.A.; and British Virgin Island subsidiaries ABP Global Inc. (BVI) and ABP Diablillos Inc. (BVI). All inter-company transactions and balances have been eliminated.

(b) Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

ABRAPLATA RESOURCE CORP.

Notes to the Consolidated Financial Statements

Year ended December 31, 2018 and fifteen months ended December 31, 2017

Expressed in Canadian dollars

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the determination of environmental obligations, if any; the recoverability of mineral interests; and the inputs used in the Black-Scholes option pricing model to account for shares issued with trading restrictions.

Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments, which are discussed below.

Acquisitions

The Company's acquisition of all the outstanding shares of Pacific Rim Mining Corporation Argentina S.A., ABP Global Inc. (BVI) and ABP Diablillos Inc. (BVI) (together, the "SSRM subsidiaries", see note 9(a)) has been determined to be an asset acquisition as the SSRM subsidiaries do not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of the SSRM subsidiaries has been accounted for as an asset acquisition, whereby all of the assets acquired and liabilities assumed are assigned a carrying value based on relative fair value.

The Company's acquisition of all the outstanding shares of Minera Cerro Bayo S.A. ("MCB SA"), see note 9(a)) has been determined to be an asset acquisition as MCB SA does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of MCB SA has been accounted for as an asset acquisition, whereby all of the assets acquired and liabilities assumed are assigned a carrying value based on relative fair value.

Functional currency

In accordance with IAS 21 "*The Effects of Changes in Foreign Exchange Rates*", management determined that the functional currency of AbraPlata Argentina S.A. (formerly Meryllion Argentina S.A.), Pacific Rim Mining Corporation Argentina S.A., and Minera Cerro Bayo S.A. is Argentine Peso. The functional currency of ABP Global Inc. (BVI) and ABP Diablillos Inc. (BVI) is the US dollar. The functional currency of AbraPlata Resource Corp. and Huayra Minerals Corp. is Canadian dollar.

Impairment of mineral interests

The application of the Company's accounting policy for exploration and evaluation expenditure and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

Going concern risk assessment

The assessment of the Company's ability to continue as a going concern involves significant judgment. Refer to our discussion in Note 1.

(c) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

ABRAPLATA RESOURCE CORP.

Notes to the Consolidated Financial Statements

Year ended December 31, 2018 and fifteen months ended December 31, 2017

Expressed in Canadian dollars

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company and its subsidiary are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These consolidated financial statements are presented in Canadian Dollars. The Company's presentation currency is the Canadian dollar and the Company and its subsidiaries' functional currencies are summarized in note 5(b).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the consolidated statement of comprehensive (income) loss in the period in which they arise. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive (income) loss in the consolidated statement of comprehensive (income) loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive (income) loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Parent and Subsidiary Companies

The financial position and results of operations whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at the average exchange rates for the period.

Exchange differences are transferred directly to the consolidated statement of comprehensive (income) loss and are included in a separate component of equity titled "Accumulated other comprehensive income or loss – currency translation adjustment". These differences are recognized in profit or loss in the period in which the operation is disposed of.

(e) Evaluation and exploration expenses

Evaluation and exploration expenses are comprised of costs that are directly attributable to:

- researching and analyzing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

ABRAPLATA RESOURCE CORP.

Notes to the Consolidated Financial Statements

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5. SIGNIFICANT ACCOUNTING POLICIES (continued)

All exploration and evaluation expenditures are expensed until properties are determined to contain economically viable reserves. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the subsequent costs incurred for the development of that project are capitalized as mining properties, a component of property, plant and equipment.

Development expenditures are net of the proceeds of the sale of ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as mineral interests.

(f) Mineral interests

Mineral interests include any costs relating to the acquisition and claim maintenance of mineral properties, including option payments and annual fees to maintain the property in good standing. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved by the Board of Directors, the capitalized mineral interests for that project are capitalized as mining properties, a component of property, plant and equipment. Upon determination and the decision to proceed with development of a mineral interest, the mineral interest is tested for impairment and then reclassified from mineral interests to mining properties, net of any impairment losses.

The Company assesses its capitalized mineral interests for indications of impairment on a regular basis and when events and circumstances indicate a risk of impairment. A mineral interest is written down or written off when the Company determines that an impairment of value has occurred or when exploration results indicate that no further work is warranted.

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, or title may be affected by undetected defects.

(g) Impairment of long-lived assets

Long-lived assets are assessed for impairment at each reporting date. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). These are typically individual mines or development projects.

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

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5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Loss (earnings) per share

The basic loss (earnings) per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period if dilutive. The Company uses the treasury stock method of calculating fully diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the year. Diluted loss (earnings) per share has not been presented separately as the outstanding options are anti-dilutive for each period presented.

(i) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current tax

Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax

Deferred tax is accounted for using the liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases.

A deferred tax liability is recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred income tax asset is recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and losses can be utilized, except where the deferred income tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws enacted or substantively enacted at the statement of financial position date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Share-based compensation

The Company grants share-based awards to certain officers, employees, directors and other eligible persons. For equity-settled awards, the fair value is charged to profit or loss and credited to the related reserve account, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest.

The fair value of the equity-settled awards is determined at the date of the grant. In calculating fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company. The fair value is determined by using the Black-Scholes option pricing model.

At each statement of financial position date, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognised in profit or loss with a corresponding entry against the related reserve. No expense is recognised for awards that do not ultimately vest. The amount remains in the related reserve for stock options which expire unexercised.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts 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. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement.

(k) Share capital

Common shares

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

Equity units

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement equity units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements are determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. The value attributed to the warrants is recorded as an equity reserve. If the warrants are exercised, the value attributable to the warrants is transferred to share capital.

(l) Financial instruments

Effective January 1, 2018, the Company adopted IFRS9 Financial Instruments which sets out the accounting standards for the classification and measurement of financial instruments and replaces IAS39 Financial Instruments: Recognition and Measurement as disclosed in note 4.

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5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Rehabilitation obligations

The Company recognizes the fair value of a legal or constructive liability for a rehabilitation obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have significant rehabilitation obligations.

6. FINANCIAL INSTRUMENTS

(a) Fair value estimation

The fair value of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

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

The Company does not have any financial instruments included in Level 1, 2 and 3. The carrying values of financial instruments maturing in the short term approximates their fair values.

(b) Financial risks

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The Company manages risks to minimize potential losses. The main objective of the Company's risk management process is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk with respect to its cash and receivable. The Company's maximum exposure to credit risk is their carrying amounts disclosed in the consolidated statement of financial position. Credit risk associated with cash is minimized by placing these instruments with major Canadian financial institutions with strong investment-grade ratings as determined by a primary ratings agency. Credit risk associated with accounts receivable is minimal as the majority of the balance is owing from Canada Revenue Agency.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

At December 31, 2018, the Company had a cash balance of \$11,662 to settle current liabilities of \$951,026. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risks (continued)

The Company intends to finance future requirements from share issuances, the exercise of options and/or warrants, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market factors. Market risk comprises three types of risk: price risk, interest rate risk and currency risk.

Price risk

Price risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate because of changes in market prices. The Company is not exposed to price risks.

Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that the cash, if any, maintained at financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Currency risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company is exposed to currency risk through financial assets and liabilities denominated in currencies other than the Canadian dollar, the Company's presentation currency. The Company's financial instruments denominated in currencies that are not the Canadian dollar as at December 31, 2018 are as follows:

	<u>US\$</u>	<u>Argentine Peso</u>	<u>C\$ equivalent</u>
Cash	2,345	67,691	5,651
Accounts payable and accrued liabilities	27,207	8,799,314	369,190

The Company's sensitivity analysis suggests that a 10% depreciation or appreciation of the foreign currencies against the Canadian dollar would have resulted in an approximate \$36,300 decrease or increase in the Company's other comprehensive income or loss.

As at December 31, 2018, US dollar amounts have been translated at a rate of C\$1.3642 per US dollar and Argentine peso amounts have been translated at C\$0.0362 per Argentine peso.

7. REVERSE TAKE OVER AND LISTING TRANSACTION

On April 24, 2017 the Company completed a reverse takeover transaction ("RTO"). Concurrent with the closing of the reverse takeover transaction the Company changed its name from Angel Bioventures Inc. ("Angel") to AbraPlata Resource Corp. On April 24, 2017, Angel acquired 100% ownership of Huayra Minerals Corp. ("Huayra") by issuing 19,982,056 of its common shares. For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 Business Combinations since Angel, prior to the RTO, did not constitute a business. The RTO is accounted for in accordance with IFRS 2 Share-based Payments whereby Huayra is deemed to have issued shares in exchange for the net assets of Angel together with its TSX-V listing status at the fair value of the consideration received by Huayra.

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7. REVERSE TAKE OVER AND LISTING TRANSACTION (continued)

The accounting for the RTO resulted in the following:

- (i) The consolidated financial statements of the combined entities are issued under the legal parent, Angel, but are considered a continuation of the financial statements of the legal subsidiary, Huayra.
- (ii) Since Huayra is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

The Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares. The value in excess of the net identifiable assets or obligations of Angel acquired on closing was expensed in the consolidated statement of comprehensive loss as a listing transaction expense.

The listing transaction expense in the amount of \$2,268,688 is comprised of the fair value of common shares of the Company retained by the former shareholders of Angel, the assumption of a net liabilities over assets as well as other direct expenses of the transaction.

The fair value of the common shares issued was \$1,783,266, based on the price of shares issued in the concurrent private placement of \$0.30 per share.

The listing transaction expense is summarized as follows:

	Number	Amount
Consideration:		
Shares issued	5,944,220	\$ 1,783,266
Net liabilities over assets:		
Trade payables and accrued liabilities		36,990
Cash		(475)
Receivables		(623)
Prepaid expenses		(1,722)
		34,170
Legal and other transaction costs		451,252
Total listing transaction expense		\$ 2,268,688

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and exploration of its mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital to an acceptable risk.

The Company depends on external financing to fund its activities and there can be no guarantee that external financing will be available at terms acceptable to the Company. The Company does not believe its current working capital is sufficient to maintain its core operations for the next twelve months, and additional funding will be required by the Company to complete its strategic objectives and continue as a going concern. There is no certainty that additional financing at terms that are acceptable to the Company will be available. The capital structure of the Company currently consists of common shares. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt, new shares or warrants.

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8. CAPITAL MANAGEMENT (continued)

Management reviews its capital management approach on a regular basis. There were no changes in the Company's approach to capital management. Pursuant to the second amended and restated share purchase agreement dated March 21, 2017, SSRM has the right to maintain a free carried 19.9% equity interest in the Company until the completion of a qualified financing and to elect, after the completion of a qualified financing, to participate in future equity financings to maintain its ownership level in the Company for as long as SSRM continues to hold not less than ten percent of the then issued and outstanding shares of the Company on a non-diluted basis. During the year ended December 31, 2018 the Company completed a qualified financing and is no longer obligated to maintain SSRM's free carried equity interest.

9. MINERAL INTERESTS

Through the Company's wholly-owned subsidiaries, the Company controls exploration projects in Argentina classified by the Company into the Diablillos Project, Cerro Amarillo Project and Samenta Project. All acquisition costs and option payments related to these exploration projects are capitalized as mineral interests and are incurred in US dollars and translated to Canadian dollar, the presentation currency for the Company.

(a) Diablillos project

- (1) On November 1, 2016, the Company closed a Share Purchase Agreement dated August 23, 2016, as amended and restated on March 21, 2017, with SSRM and Fitzcarraldo Ventures Inc. (the "Share Purchase Agreement") pursuant to which Huayra acquired from SSRM all of the issued and outstanding shares of Pacific Rim Mining Corporation Argentina S.A., ABP Global Inc. (BVI) and ABP Diablillos Inc. (BVI) (together, the "SSRM subsidiaries"). Through the acquisition of the SSRM subsidiaries, the Company acquired certain exploration projects in Salta and Chubut Provinces, Argentina (the "Diablillos Project" and the "M-18 Project").

Cash consideration payable to SSRM consists of the following:

- US\$300,000 on closing; this amount to be increased by an amount equal to the US dollar equivalent of the amount of Argentine Pesos deposited in entity purchased by the Company (paid);
- US\$300,000 on or before February 15, 2017 (as amended) (paid);
- US\$500,000 on 180th day after closing (paid);
- US\$50,000 on or before January 12, 2018 (as amended) (paid);
- US\$5,000,000 to be paid on the earlier of:
 - The 3rd anniversary of closing; and
 - The date on which the Company obtains a feasibility study in respect of all or any part of the project covered by the Diablillos Project.
- US\$7,000,000 to be paid on the earlier of:
 - The 5th anniversary of closing; and
 - The date on which construction of mining facilities commences on all or any part of the project covered by the Diablillos Project.

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9. MINERAL INTERESTS (continued)

(a) Diablillos project (continued)

Equity consideration consists of Class B common shares of the Company (11,294,609 shares issued, see note 11(b)) which automatically converted into a number of Huayra Class A Shares that, upon the completion of the RTO, resulted in SSRM holding common shares of the Company representing 19.9% of the Company's then outstanding common shares. The agreement provides SSRM an anti-dilution right to maintain 19.9% equity interest in the capital of the Company until the Company completes a qualified financing of a minimum of US\$5,000,000. During the year ended December 31, 2018 the Company completed a qualified financing and is no longer obligated to maintain SSRM's free carried equity interest.

The royalty consideration payable to SSRM consists of a 1% net smelter returns royalty. SSRM is entitled to receive advance royalty payments totalling US\$1,000,000 over 4 years as follows:

- US\$250,000 on November 1, 2017 (paid);
- US\$250,000 on October 31, 2019 (as amended);
- US\$250,000 on November 1, 2019 ; and
- US\$250,000 on November 1, 2020.

These advance royalty payments will be deducted and set off against the first US\$1,000,000 of net smelter returns royalty payments otherwise payable in respect of the Diablillos Project. As security for the above obligations the Company has pledged to SSRM all the shares the Company acquired in the two entities which hold interest to the Diablillos Project and the M-18 Project.

Subsequent to the year ended on December 31, 2018, on March 1, 2019 the Company entered into a binding letter agreement ("Aethon Letter Agreement") with Aethon Minerals Corp. ("Aethon"), whereby Aethon will have the exclusive right for a period of approximately five months to (i) perform technical due diligence on the Company's Diablillos Project in Argentina and (ii) negotiate with the Company the terms of an option or other transaction whereby Aethon could acquire a 50% or greater interest in the Diablillos Project. SSR Mining Inc, the original vendor of the Diablillos Project to the Company, has indicated its intention to support in principle the transactions to be negotiated by the parties pursuant to the Aethon Letter Agreement and, subject to being satisfied with the definitive transaction terms, to formally consent to the transactions and defer the due dates of scheduled cash property payments by up to four years and waive advance NSR royalty payments.

The following is a summary of the principal terms of the Aethon Letter Agreement:

- Aethon shall have the exclusive right until July 26, 2019 to complete its due diligence and negotiate the terms of, and enter into an option agreement with the Company, pursuant to which Aethon can earn a 50% interest in the Diablillos Project.
- In consideration for the exclusivity period, Aethon agrees to make an upfront payment of USD\$50,000 to the Company.
- During the Exclusivity Period, Aethon will spend a minimum of USD\$150,000 on expenditures in connection with a metallurgical testing program and other related test work to be carried out on the Project.

The Company also has written assurances from SSRM that SSRM will consent to the Aethon Agreement and the entering into the Aethon Option Agreement, subject to being satisfied with the definitive transaction terms. SSRM has also agreed to forbear from enforcing payment of outstanding NSR royalty payments during the exclusivity period. SSRM has also indicated that it would agree to delay property payments of USD\$5 million and USD\$7 million by up to four years under certain circumstances, including a merger of Aethon and AbraPlata on terms that are satisfactory to SSRM.

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9. MINERAL INTERESTS (continued)

(a) Diablillos project (continued)

- (2) On August 30, 2017 the Company signed an agreement to acquire all of the issued and outstanding shares of Minera Cerro Bayo S.A. ("Cerro Bayo"), a privately held Argentine company. Cerro Bayo owns certain mineral rights that, as a result of a long-standing border dispute between two neighboring provinces in northwestern Argentina, overlap and potentially conflict with the Company's mineral rights to its Diablillos Ag-Au project. The acquisition of the potentially conflicting mineral rights through the acquisition of Cerro Bayo means that the Company will retain its title to the Diablillos Ag-Au project regardless of the ultimate outcome of the provincial border dispute.

Cash and equity consideration payable under the agreement is as follows:

- US\$225,000 upon closing (paid);
- US\$175,000 on or before February 28, 2018 (paid);
- US\$175,000 and 150,000 common shares on or before December 15, 2018 (as amended);
- US\$175,000 and 150,000 common shares on or before February 28, 2019;
- US\$150,000 and 200,000 common shares on or before August 30, 2019;
- US\$250,000 on or before February 29, 2020;
- US\$350,000 on or before August 30, 2020;
- US\$825,000 to be paid on the earlier of February 28, 2021 or the date on which the Company has obtained a Diablillos Feasibility Study as defined in the SSRM Agreement dated August 23, 2016; and
- US\$1,000,000 is to be paid on the earlier of the date of commencement of mine construction at the Diablillos project or November 1, 2021.

The Company did not make a payment of US\$175,000 and did not issue 150,000 shares by December 15, 2018, accordingly the Cerro Bayo agreement is in default. The Company wrote off the acquisition and exploration costs incurred in relation to Cerro Bayo agreement.

(b) Samenta project

During the year ended December 31, 2018 AbraPlata Argentina S.A. ("APA SA") terminated the exploration-with-option-to-purchase agreements related to Samenta mineral property. As a result, all acquisition and exploration costs incurred in relation to Samenta property were written off. APA SA acquired the option to purchase the Samenta Cu-Mo porphyry prospect located in the province of Salta in northwestern Argentina during the year ended September 30, 2015. APA SA signed exploration-with-option-to-purchase agreements, which were amended in July 2016, on two separate but contiguous claim groups, Cerro Samenta Norte and Cerro Samenta Sur, comprising the Samenta Project.

Cash consideration payable per the agreement were as follows:

- US\$30,000 upon completion of the due diligence (paid)
- US\$50,000 in February 2017 (paid)
- US\$70,000 in August 2017 (paid)
- US\$90,000 in August 2018
- US\$130,000 in August 2019.

An exercise fee of US\$4,230,000 was due at the end of August 2020. The underlying owners were also entitled to a 1.5% NSR royalty of which 0.5% can be purchased back for US\$1,000,000.

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9. MINERAL INTERESTS (continued)

(c) Cerro Amarillo project

For the Cerro Amarillo Project, the Company is awaiting the ratification of the appropriate permits to undertake, subject to financing, a stage one drilling campaign. On December 1, 2014, the Company announced that during the congressional deliberations that took place in November 2014, it was determined that any decision regarding the ratification of the drill permit should be delayed pending the completion of an inventory of glaciers in or near the project to be conducted by *Instituto Argentino de Nivología Glaciología y Ciencias Ambientales* ("IANIGLA"), the federal body charged with conducting the inventory under the Protection of Glaciers Law 26.639. IANIGLA has already begun the inventory, which was expected to be completed in 2015.

On July 14, 2016, APA SA, signed an agreement for the right to purchase the Cerro Amarillo project located in the province of Mendoza in Argentina. This agreement is a replacement agreement to the one that was entered into in 2010.

The Company made the following payments:

- US\$25,000 in October 2016, deferred to May 2017 (paid)
- and will pay US\$25,000 annually every November, starting in November 2017, until the earlier of the ratification of appropriate permits or the receipt of exploration permits given in accordance with the legislature of the province of Mendoza (the "Notification Date"). The Company will then make a series of installments in total of US\$875,000 over 48-month period from the Notification Date. The due date for November 2018 payment was extended to January 10, 2019.

An exercise fee of US\$2,500,000 will be due by the end of 60 months period from the Notification Date. The underlying owners are also entitled to a 1% NSR royalty which can be purchased back for US\$3,000,000.

Due to uncertainty of the timing for the completion of the glaciers inventory and the ratification of the permits, the Company wrote down the Cerro Amarillo project to \$1 in prior period.

The changes to the Company's mineral interests were as follows:

	Diablillos, Argentina	Cerro Amarillo, Argentina	Samenta, Argentina	Total
Balance as at September 30, 2016	\$ -	\$ 1	\$ 39,351	\$ 39,352
Additions, cash	2,084,552	33,860	154,928	2,273,340
Additions, shares	2,620,229	-	-	2,620,229
Foreign exchange translation	-	(6,482)	(42,010)	(48,492)
Write off	-	(27,378)	-	(27,378)
Balance as at December 31, 2017	4,704,781	1	152,269	4,857,051
Additions, cash	285,642	-	-	285,642
Additions, shares	602,224	-	-	602,224
Hyperinflationary adjustment	1,425,864	-	-	1,425,864
Foreign exchange translation	(2,561,490)	-	(38,409)	(2,599,899)
Write off	(507,246)	-	(113,860)	(621,106)
Balance December 31, 2018	\$ 3,949,775	\$ 1	\$ -	\$3,949,776

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10. EVALUATION AND EXPLORATION EXPENSES

The Company's exploration expenses for the year ended December 31, 2018 and fifteen months ended December 31, 2017 are as follows:

	Year ended December 31, 2018	Fifteen months ended December 31, 2017
Diablillos		
Camp Costs	\$ 144,535	\$ 167,050
Engineering and geology	163,575	192,961
Drilling	7,044	968,567
Legal and regulatory fee	66,905	315,089
Personnel Costs	137,273	339,991
Report	126,395	115,242
Travel and Transport	76,731	217,452
Other	21,731	36,670
Hyperinflationary adjustment	51,647	-
Total Diablillos	\$ 795,836	\$ 2,353,022
Cerro Amarillo		
Camp Costs	\$ 1,107	\$ 2,407
Legal and regulatory fee	17,103	7,313
Travel and Transport	68	2,465
Hyperinflationary adjustment	2,649	-
Total Cerro Amarillo	\$ 20,927	\$ 12,185
Samenta		
Legal and regulatory fee	\$ -	\$ 27,654
Total Samenta	\$ -	\$ 27,654
Total exploration	\$ 816,763	\$ 2,392,861

11. SHARE CAPITAL**(a) Authorized**

Authorized: Unlimited common shares without par value. Unlimited first preferred shares without par value. Unlimited second preferred shares without par value.

(b) Issued and outstanding

Pursuant to the Merger Agreement, 21,284,381 shares were placed in escrow. At December 31, 2018, 9,557,984 shares remain in escrow (December 31, 2017 - 15,963,290).

On July 16, 2018 the Company closed the second tranche of a non-brokered private placement of 495,062 units at a price of \$0.20 per unit for gross proceeds of \$99,012. Each unit consists of one common share of the Company, and one transferrable common share purchase warrant. Each warrant is exercisable to acquire, one additional common share of the Company at a price of \$0.30 per share for a period of three years. In addition, the Company incurred share issue costs of \$4,187.

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11. SHARE CAPITAL (continued)

(b) Issued and outstanding (continued)

On May 4, 2018 the Company closed the first tranche of a non-brokered private placement of 3,092,140 units at a price of \$0.20 per unit for gross proceeds of \$618,428. Each unit consists of one common share of the Company, and one transferrable common share purchase warrant. Each warrant is exercisable to acquire, one additional common share of the Company at a price of \$0.30 per share for a period of three years. In connection with the first tranche of the private placement, the Company paid commissions of \$2,400 and issued 32,571 non-transferrable share purchase warrants to certain persons who introduced subscribers to the Company. Each finder's warrant is exercisable to acquire an additional common share of the Company at an exercise price of \$0.30 per share for a period of three years. Fair value of the finder warrants was estimated as \$3,249 (note 11(d)). All securities issued in connection with the Private Placement are subject to a four-month-and-one-day statutory hold period. In addition, the Company incurred share issue costs of \$16,441.

On February 8, 2018 the Company issued 414,893 shares to settle debt of \$97,500 recording a loss on debt settlement of \$6,223.

On January 12, 2018 the Company closed, on a non-brokered basis, an offering of 10,100,109 units at a price of \$0.20 per unit for total gross proceeds of \$2,020,022. Each unit consisted of one common share and one non-transferable common share purchase warrant. Each warrant is exercisable for two years to purchase an additional common share at a price of \$0.30 but will expire earlier if, for any ten consecutive trading days on the TSX Venture Exchange, the closing price of the common shares equals or exceeds \$0.40. In connection with the financing the Company paid to certain arm's length parties a finder's fee comprised of cash fee of \$106,760 and share purchase warrants exercisable to acquire up to 530,800 common shares of the Company. The warrants are exercisable for a period of two year from the date of issuance at a price of \$0.30 per common share. Fair value of the finder warrants was estimated as \$55,965 (note 11(d)). In addition, the Company incurred share issue costs of \$44,115.

Pursuant to SSRM's contractual anti-dilution right to maintain a 19.9% equity interest in the capital of the Company (note 9(a)), under the second amended and restated share purchase agreement dated March 21, 2017, 2,509,265 common shares were issued to SSRM. The fair value of these shares was determined to be \$602,224, based on the trading price of the Company's shares on the date of issue of \$0.24 per share.

On August 4, 2017 the Company closed, on a non-brokered basis, an offering of 4,066,480 common shares of the Company by way of a private placement at a price of \$0.40 per share for total gross proceeds of \$1,626,592. In connection with the financing, the Company paid to certain arm's length parties a finder's fee comprised of cash fee of \$127,097 and share purchase warrants exercisable to acquire up to 317,742 common shares of the Company. The warrants are exercisable for a period of one year from the date of issuance at a price of (i) \$0.40 per common share during the first six months after a finder warrant is issued, and (ii) \$0.60 per common share for the following six months thereafter. Fair value of the finder warrants was estimated as \$64,322. In addition, the Company incurred share issue costs of \$49,115.

Pursuant to SSRM's anti-dilution right to maintain a 19.9% equity interest in the capital of the Company (note 9(a)), under the second amended and restated share purchase agreement dated March 21, 2017, 1,010,274 common shares were issued to SSRM. The fair value of these shares was determined to be \$404,110, based on the price of the shares issued in the concurrent private placement of \$0.40 per share, when the original 19.9% equity consideration was issued.

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11. SHARE CAPITAL (continued)

(b) Issued and outstanding (continued)

On May 16, 2017, the Company completed, on a non-brokered basis, an offering of 2,585,967 common shares of the Company by way of a private placement at a price of \$0.30 per share for total gross proceeds of \$775,790. On April 24, 2017, the Company completed a Concurrent Financing of 9,543,663 common shares of the Company at a price of \$0.30 for gross proceeds of \$2,863,099. In connection with these offerings, the Company paid \$351,174 in share issue costs and granted finder warrants exercisable to acquire up to 927,706 common shares of the Company. The finder warrants will be exercisable for a period of one year from the date of issuance at a price of (i) \$0.30 per common share during the first six months after a finder warrant is issued, and (ii) \$0.50 per common share for the following six months thereafter. Fair value of the finder warrants was estimated as \$162,610.

On May 16, 2017, pursuant to the anti-dilution right in the SSRM Agreement, 642,456 common shares were issued to SSRM. The fair value of these shares was determined to be \$192,736 based on the price of the shares issued in the concurrent private placement of \$0.30 per share, when the original 19.9% equity consideration was issued.

On April 24, 2017, the Company completed the RTO and issued 5,944,220 shares with a fair value of \$1,783,266 (note 7).

On April 24, 2017, the Company issued 11,294,609 shares pursuant to the SSRM Agreement for the acquisition of the Diablillos project. The shares are held in escrow and released over 3 years. The fair value of these shares was estimated to be \$2,023,384 based on the price of the shares issued in the concurrent private placement of \$0.30 per share, discounted by the put option, calculated using the Black-Scholes option-pricing model, for the length of the hold period.

On April 24, 2017, 9,992,284 warrants were exercised at an exercise price of \$0.10 and 9,992,284 shares were issued.

Subsequent to the year ended December 31, 2018 the company closed, on a non-brokered basis, an offering of 15,000,000 units at a price of \$0.05 per unit for total gross proceeds of \$750,000. Each unit consisted of one common share and one non-transferable common share purchase warrant. Each warrant is exercisable for five years to purchase an additional common share at a price of \$0.10. The Company paid finders fees of \$2,400.

(c) Stock options

On June 1, 2018, the Company granted 1,500,000 incentive stock options to directors, officers and consultants of the Company. The stock options have an exercise price of \$0.17 per share and are exercisable for a period of five years from the date of grant. The stock options vest 25% immediately, 25% after six months, 25% after twelve months and 25% after eighteen months. The fair value of the stock options of \$200,787 was determined using the Black-Scholes option pricing model with the following assumptions: 5 years expected life; share price at the grant date of \$0.175; 103% volatility; risk free interest rate of 2%; and a dividend yield of 0%.

On March 21, 2018, the Company granted 1,125,000 incentive stock options to directors, officers and consultants of the Company. The stock options have an exercise price of \$0.20 per share and are exercisable for a period of five years from the date of grant. The stock options vest 25% immediately, 25% after six months, 25% after twelve months and 25% after eighteen months. The fair value of the stock options of \$167,969 was determined using the Black-Scholes option pricing model with the following assumptions: 5 years expected life; share price at the grant date of \$0.195; 104% volatility; risk free interest rate of 2%; and a dividend yield of 0%.

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11. SHARE CAPITAL (continued)**(c) Stock options (continued)**

On June 7, 2017, the Company granted 2,350,000 incentive stock options to directors, officers and consultants of the Company. The stock options have an exercise price of \$0.63 per share and are exercisable for a period of five years from the date of grant. The stock options vest 25% immediately, 25% after six months, 25% after twelve months and 25% after eighteen months. The fair value of the stock options of \$1,243,032 was determined using the Black-Scholes option pricing model with the following assumptions: 5 years expected life; share price at the grant date of \$0.62; 107% volatility; risk free interest rate of 0.88%; and a dividend yield of 0%.

On November 15, 2017, the Company granted 900,000 stock options. The stock options have an exercise price of \$0.25 per share and are exercisable for a period of five years from the date of grant. The stock options vest 25% immediately, and the balance vests in three equal semi-annual installments commencing on the six months anniversary of the date of grant and continuing every six months thereafter until the options are fully vested. The fair value of the stock options of \$169,321 was determined using the Black-Scholes option pricing model with the following assumptions: 5 years expected life; share price at the grant date of \$0.25; 105% volatility; risk free interest rate of 1.58%; and a dividend yield of 0%.

Expected volatility was estimated based on similar-sized entities in the industry.

During the year ended December 31, 2018, the company recorded \$621,302 (fifteen months ended December 31, 2017 - \$875,340) in share-based expense related to the stock options.

Subsequent to the year ended December 31, 2018 the Company granted 1,200,000 stock options exercisable at a price of \$0.065 per share for a period of five years. The stock options vest 25% immediately, 25% after six months, 25% after twelve months and 25% after eighteen months.

The movement in the Company's share options for the year ended December 31, 2018 are as follows:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2016	-	\$ -
Granted	3,250,000	0.52
Forfeited	(87,500)	0.63
Outstanding, December 31, 2017	3,162,500	0.52
Granted	2,625,000	0.18
Cancelled	(312,500)	0.56
Forfeited	(300,000)	0.41
Outstanding, December 31, 2018	5,175,000	\$ 0.35
Exercisable, December 31, 2018	3,737,500	\$ 0.42

At December 31, 2018, the Company has the following stock options outstanding:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
1,850,000	1,850,000	\$0.63	June 7, 2022
900,000	675,000	\$0.25	November 22, 2022
1,025,000	512,500	\$0.20	March 21, 2023
1,400,000	700,000	\$0.17	June 1, 2023

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11. SHARE CAPITAL (continued)**(c) Stock options (continued)**

At December 31, 2018, the weighted average remaining contractual life of options outstanding was 3.94 years.

(d) Warrants

The movement in the Company's warrants for the year ended December 31, 2018 is as follows:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2016	9,992,284	\$ 0.10
Issued	2,845,448	0.28
Exercised	(9,992,284)	0.10
Expired	(1,600,000)	0.25
Outstanding, December 31, 2017	1,245,448	0.33
Issued	14,250,682	0.30
Expired	(1,245,448)	0.53
Outstanding, December 31, 2018	14,250,682	\$ 0.30

At December 31, 2018, the Company has the following warrants outstanding:

Number of warrants	Exercise Price	Expiry Date
10,630,909	\$ 0.30	January 11, 2020
3,124,711	\$ 0.30	May 4, 2021
495,062	\$ 0.30	July 13, 2021

At December 31, 2018, the weighted average remaining contractual life of warrants outstanding was 1.37 years.

On May 4, 2018 in connection with the private placement (note 11(b)) the Company granted 3,092,140 warrants exercisable at \$0.30 for a period of three years. On May 4, 2018 the Company granted 32,571 finders warrants exercisable at \$0.30 for a period of three years. The fair value of the finders' warrants was estimated as \$3,249 using the Black-Scholes Option Pricing Model with the following assumptions: share price on vesting date of \$0.195, risk-free rate of 1.87%, dividend rate of 0%, expected life of 3 years, and volatility of 95%.

On January 11, 2018 in connection with the private placement (note 11(b)) the Company granted 10,100,109 warrants exercisable at \$0.30 for a period of two years. On January 11, 2018 the Company granted 530,800 finders warrants exercisable at \$0.30 for a period of two years. The fair value of the finders' warrants was estimated as \$55,965 using the Black-Scholes Option Pricing Model with the following assumptions: share price on vesting date of \$0.245, risk-free rate of 1.71%, dividend rate of 0%, expected life of 2 years, and volatility of 90%.

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11. SHARE CAPITAL (continued)

(d) Warrants (continued)

During the year ended December 31, 2017, the Company entered into a loan agreement for aggregate proceeds of \$400,000, which was non-interest bearing and was repaid in full by December 31, 2017. Pursuant to the loan agreement the Company issued 1,600,000 share purchase warrants, which entitles the holder to purchase one common share of the Company at a price of \$0.25 per share and are exercisable until October 31, 2017. The warrants were valued at \$275,170 using the Black-Scholes Option Pricing Model with the following assumptions: share price on vesting date of \$0.40, risk-free rate of 0.72%, dividend rate of 0%, expected life of 0.52 years, and volatility of 81%.

The 1,245,448 finders' warrants were valued at \$226,932 using the Black-Scholes Option Pricing Model with the following assumptions: share price on vesting date of between \$0.30 and \$0.48, risk-free rate of between 0.69% and 1.23%, dividend rate of 0%, expected life of one year, and volatility of between 64% and 108%.

Expected volatility was estimated based on similar-sized entities in the industry.

Subsequent to the year ended December 31, 2018 in connection with the private placement (note 11(b)) the Company granted 15,000,000 warrants exercisable at \$0.10 for a period of five years.

12. RELATED PARTY TRANSACTIONS

Key management personnel include the members of the Board of Directors and officers of the Company, who have the authority and responsibility for planning, directing and controlling the activities of the Company. Amounts paid and accrued to directors, former director, officers and companies in which directors and officers are shareholders or partners are as follows:

	Year ended December 31, 2018	Fifteen months ended December 31, 2017
Management fees	\$ 300,000	\$ 514,462
Administration	100,000	110,000
Consulting fees	118,486	57,764
Professional fee	73,849	-
Share-based payments	453,614	648,950
	<u>\$ 1,045,949</u>	<u>\$ 1,331,176</u>

As at December 31, 2018 \$523,939 (December 31, 2017 – \$377,727) was payable to directors, officers and companies in which directors and officers are shareholders or partners of the Company. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

During the year ended December 31, 2018 payable in the amount of \$52,500 due to an officer of the Company was settled by issuing 223,404 shares.

13. SEGMENTED INFORMATION

The Company has one operating segment. Its exploration and evaluation properties are located in Argentina.

ABRAPLATA RESOURCE CORP.

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14. COMMITMENTS

As at December 31, 2018, the Company has mineral interest commitments at its Diablillos and Cerro Amarillo projects in the form of option payments. The Company is in the process of conducting a strategic review of its properties under option and although as at the current date the Company had the commitments shown in the table below, some of these commitments could be reduced or eliminated pending the outcome of the strategic review. The Company also has operating expenses in Buenos Aires and in Vancouver.

	2019	2020	2021	2022
Mineral interest commitments				
Cerro Amarillo	\$ 34,105	\$ 34,105	\$ 34,105	\$ 3,410,500
Diablillos	7,162,050	682,100	9,549,400	-
Total mineral interest commitments	7,196,155	716,205	9,583,505	3,410,500
Minimum office rental payments in Argentina	4,911	-	-	-
Total commitments	\$7,201,066	\$ 716,205	\$ 9,583,505	\$3,410,500

15. INCOME TAX

The provision for income taxes for the year ended December 31, 2018 and the fifteen months ended December 31, 2017 differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 27.0% as follows:

	2018	2017
Net income (loss) for the year	\$ (3,320,576)	\$ (7,733,181)
Statutory income tax rate	27.0%	26.0%
Expected income tax expense (recovery)	\$ (897,000)	\$ (2,011,000)
Items not deductible (taxable) for tax purposes	148,000	867,000
Effect of tax rate change	57,000	415,000
Higher rate in foreign jurisdictions	(29,000)	(255,000)
Operating loss expired	-	594,000
Change in unrecognized tax benefit	721,000	390,000
Deferred income tax (expense)/recovery	\$ -	\$ -

The Company recognizes deferred tax assets on losses or other deductible amounts where it is probable that sufficient future taxable profits will be available to realize such assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2018	2017
Tax losses carry forward	\$ 2,630,000	\$ 1,687,000
Mineral interests	1,736,000	1,660,000
Share issue costs and other	129,000	115,000
Unrecognized deferred tax assets	\$ 4,495,000	\$ 3,462,000

As at December 31, 2018, the Company has Canadian non-capital loss carry-forwards of approximately \$8,311,000 that are available to reduce taxable income in Canada. These losses expire between 2027 and 2038. As at December 31, 2018, the Company has Argentine loss carry-forwards of approximately \$1,542,000 that are available to reduce taxable income in Argentina. These losses expire between 2019 and 2023.

ABRAPLATA RESOURCE CORP.

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15. INCOME TAX (continued)

As at December 31, 2018, the Company has unrecognized deferred tax liabilities of \$1,373,000 due to temporary differences arising on the initial recognition of the acquisition of all of the issued and outstanding common shares of Minera Cerro Bayo S.A. and ABP Global Inc.

During the year ended December 31, 2018, the Company identified certain adjustments to its prior year deferred income tax estimates. As a result the unrecognized temporary differences have been restated to reflect these revisions. As these temporary differences are unrecognized there has been no impact on the consolidated statements of financial position, loss and comprehensive loss, equity or cash flows.