



FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

Expressed in Canadian dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Roughrider Exploration Limited

Opinion

We have audited the accompanying financial statements of Roughrider Exploration Limited (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Roughrider Exploration Limited as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended 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 Auditor's Responsibilities for the Audit of the 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 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 the financial statements, which indicates that the Company incurred a loss of \$1,735,083 during the year ended December 31, 2018 and, as of that date, the Company's total deficit was \$5,680,009. As stated in Note 1, these events and conditions 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 obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 Stephen Hawkshaw.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

April 10, 2019

ROUGH RIDER EXPLORATION LIMITED

STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

AS AT DECEMBER 31

	2018	2017
ASSETS		
Current assets		
Cash	\$ 187,337	\$ 294,710
Receivables	11,139	16,338
Prepaid expenses	<u>375</u>	<u>3,999</u>
	198,851	315,047
Non-current assets		
Exploration property acquisition costs (Note 4)	<u>6,189</u>	<u>1,384,527</u>
	\$ 205,040	\$ 1,699,574
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 157,225	\$ 300,499
Flow-through premium (Note 5)	<u>-</u>	<u>32,982</u>
	<u>157,225</u>	<u>333,481</u>
Shareholders' equity		
Capital stock (Note 6)	5,209,518	4,792,713
Other equity reserves	518,306	518,306
Deficit	<u>(5,680,009)</u>	<u>(3,944,926)</u>
	<u>47,815</u>	<u>1,366,093</u>
	\$ 205,040	\$ 1,699,574

Nature and continuance of operations (Note 1)

Related party transactions (Note 9)

Subsequent events (Note 4(a))

On behalf of the Board of Directors on April 10, 2019

Signed "Scott Gibson"

Director

Signed "Alex Heath"

Director

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

ROUGH RIDER EXPLORATION LIMITED

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Expressed in Canadian Dollars

FOR THE YEARS ENDED DECEMBER 31

	2018	2017
Exploration expenses (Note 4)	\$ 211,207	\$ 312,144
Filing fees	22,894	23,211
Flow-through premium recovery (Note 5)	(32,982)	(51,358)
Interest income	-	(1,168)
Marketing	730	40,981
Office expenses	16,955	30,435
Professional fees (Note 9)	37,767	90,880
Salaries and personnel costs (Note 9)	200,174	248,735
Write-off of exploration property acquisition costs (Note 4)	<u>1,378,338</u>	<u>18,821</u>
	(1,835,083)	(712,681)
Consulting income	<u>100,000</u>	<u>-</u>
Loss and comprehensive loss for the year	\$ (1,735,083)	\$ (712,681)
Basic and diluted loss per common share	\$ (0.16)	\$ (0.09)
Weighted average number of common shares outstanding	10,667,400	7,533,392

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

ROUGH RIDER EXPLORATION LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in Canadian Dollars

	Capital Stock		Other Equity Reserves	Deficit	Total Equity
	Number of Shares	Amount			
Balance, December 31, 2016	7,274,951	\$4,274,221	\$ 511,418	\$(3,232,245)	\$ 1,553,394
Shares issued for exploration & evaluation asset	515,000	142,750	--	--	142,750
Private placement	960,000	240,000	--	--	240,000
Flow-through shares as private placement	666,600	199,980	--	--	199,980
Flow-through premium	--	(33,330)	--	--	(33,330)
Share issuance costs	--	(24,020)	--	--	(24,020)
Warrants issued with private placement	--	(6,888)	6,888	--	--
Loss for the year	--	--	--	(712,681)	(712,681)
Balance, December 31, 2017	9,416,551	\$4,792,713	\$ 518,306	\$(3,944,926)	\$ 1,366,093
Private placement	4,390,000	439,000	--	--	439,000
Share issuance costs	--	(22,195)	--	--	(22,195)
Loss for the year	--	--	--	(1,735,083)	(1,735,083)
Balance, December 31, 2018	13,806,551	\$5,209,518	\$518,306	\$(5,680,009)	\$ 47,815

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

ROUGH RIDER EXPLORATION LIMITED

STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

FOR THE YEARS ENDED DECEMBER 31

	2018	2017
OPERATING ACTIVITIES		
Loss for the year	\$(1,735,083)	\$(712,681)
Items not affecting cash:		
Flow-through premium	(32,982)	(51,358)
Write off exploration property acquisition costs	1,378,338	18,821
Changes in non-cash working capital items:		
Receivables	5,199	20,066
Prepaid expenses	3,624	3,858
Accounts payable and accrued liabilities	<u>(130,896)</u>	<u>175,727</u>
Net cash used in operating activities	<u>(511,800)</u>	<u>(545,567)</u>
INVESTING ACTIVITIES		
Exploration property acquisition costs	<u>(12,378)</u>	<u>(52,108)</u>
Net cash used in investing activities	<u>(12,378)</u>	<u>(52,108)</u>
FINANCING ACTIVITIES		
Shares and warrants issued in private placements	439,000	439,980
Share issuance costs	<u>(22,195)</u>	<u>(24,020)</u>
Net cash generated through financing activities	<u>416,805</u>	<u>415,960</u>
Decrease in cash for the year	<u>(107,373)</u>	(181,715)
Cash, beginning of year	<u>294,710</u>	<u>476,425</u>
Cash, end of year	<u>\$ 187,337</u>	<u>\$ 294,710</u>
Cash paid during the year for interest and taxes	\$ 4,093	\$ 123
<u>Non-cash transactions affecting cash flows from investing and financing activities:</u>		
Finder's warrant valuation	\$ --	\$ 6,888
Shares issued for property and option agreement	--	142,750
Premium on flow-through shares issued during the year	--	33,330
Exploration property acquisition costs in accounts payable	--	12,378

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

ROUGH RIDER EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

Expressed in Canadian Dollars

1. NATURE AND CONTINUANCE OF OPERATIONS

Roughrider Exploration Limited ("Roughrider" or the "Company") was incorporated on December 7, 2011 under the *British Columbia Business Corporations Act*. The Company is listed on the TSX Venture Exchange as a Tier 2 Mining Issuer. The principal business of the Company is the exploration and evaluation of mineral properties. The principal focus of the Company is exploring its portfolio of mineral properties, including the Genesis property, a uranium project located to the northeast of the Athabasca Basin in Saskatchewan, and the Silver Ace and Sterling properties in central British Columbia.

The address of the Company's head office is Suite 420 - 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. The address of the Company's registered office is 2500 - 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1B3.

Effective July 3, 2018, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidation share for 5 pre-consolidation shares. Unless otherwise stated, all share and per share amounts have been restated retrospectively to reflect this share consolidation.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company has no regular source of revenue, has an accumulated deficit of \$5,680,009 at December 31, 2018, and expects to incur further losses in order to explore its mineral properties. These factors cast significant doubt upon the Company's ability to continue as a going concern and, therefore suggest that the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuing operations are dependent upon its ability to obtain sufficient financing to explore the Genesis property, and upon the successful exploration and development or sale of the Company's exploration projects. Although the Company has been successful in obtaining financing to begin this process, there is no assurance that it will be able to obtain adequate financing in the future, or that such financing will be on terms that are advantageous to the Company.

2. BASIS OF PREPARATION

These financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS applicable to the preparation of financial statements as issued by the International Accounting Standards Board ("IASB") and are consistent with interpretations by the International Financial Reporting Interpretations Committee ("IFRIC") which were effective as of April 10, 2019, the date the Board of Directors authorized these financial statements for issuance.

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

ROUGH RIDER EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation

These financial statements are expressed in Canadian dollars, the Company's functional and presentation currency, the currency of the primary economic environment in which it operates. These financial statements have been prepared on a historical cost basis, except for financial instruments classified as *financial instruments at fair value through profit and loss* and *financial instruments at fair value through other comprehensive income*, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

b. Exploration property acquisition costs

Costs related to the acquisition of exploration properties are capitalized and deferred until such time as the property is either sold, or put into production. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Costs related to the exploration and evaluation of properties are recognized in profit or loss as incurred, up to the time a decision is made to proceed with the development of the related exploration property due to the existence of economically recoverable reserves. A mineral resource is considered to have economic potential when it is expected that a documented resource can be legally and economically developed considering forecast metal prices.

Incoming option payments, or proceeds from the sale of royalty interests received by the Company are first applied to capitalised costs, with any excess recognized in profit or loss. Tax credits received are applied against the costs that generated the tax credit. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

c. Impairment of non-financial assets

The recoverability of amounts expended on exploration property acquisition costs is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the Company's ability to overcome the regulatory, financing and other hurdles in order to complete their development and future profitable production or proceeds from the disposition thereof.

The Company performs impairment tests on property and equipment and exploration property interests when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on a project-by-project basis with each project representing a single cash generating unit.

When impairment indicators are identified, an impairment loss is recognized if the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's value in use or the asset's fair value less costs to sell.

An impairment loss is reversed if there is an indication that there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amounts that would have been determined (net of depreciation) if no impairment loss had been recognized.

ROUGH RIDER EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Financial instruments

On January 1, 2018, the Company adopted *IFRS 9, Financial Instruments* ("IFRS 9"), which replaced *IAS 39, Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The following accounting policies reflect the adoption of IFRS 9.

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL") are initially recognized at fair value with changes in fair value recorded in profit or loss. The Company does not have any financial assets designated as FVTPL.

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash and receivables are recorded at amortized cost.

Fair value through other comprehensive income ("OCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income as a component of equity. This election is available for each separate investment. Under this new FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

ROUGH RIDER EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Financial instruments (continued)

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows.

- Level 1 Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Valuation based on directly or indirectly observable inputs (other than Level 1 inputs) such as quoted interest or currency exchange rates; and
- Level 3 Valuation based on significant inputs that are not based on observable market data such as discounted cash flow methodologies based on internal cash flow forecasts.

Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

e. Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issuance costs are charged to capital stock when the related shares are issued. Deferred share issuance costs related to financing transactions that are not eventually completed are charged to profit or loss.

f. Share-based payments

The Company applies the fair value method of accounting for all stock option awards. Under this method, compensation expense attributed to the award of options to employees is measured at the fair value of the award on the date of grant, and is recognized over the vesting period of the award. Share-based payments to non-employees are valued based on the fair value of the service received, if reliably determinable, otherwise based on the fair value of the award granted. Valuation is calculated based on the date at which the Company receives the service. If and when the stock options are ultimately exercised, the applicable amounts of other equity reserves are transferred to capital stock.

The fair value of instruments granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions under which the instruments are granted. The fair value of the awards is adjusted by an estimate of the number of awards that are expected to vest as a result of non-market conditions. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest based on the non-market conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

Warrants issued with a common share, as part of a unit offering, are valued using the residual value method. A value representing the premium to the market-price that is obtained (if any) during the issuance is attributed to the warrant.

ROUGH RIDER EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Flow-through shares

Tax law in Canada permits the Company to transfer certain corporate tax losses to investors for their deduction, through a mechanism known as flow-through shares. When an investor purchases flow-through shares from the Company, the Company recognizes a liability for the premium paid for the flow-through shares that is in excess of the market value of shares without flow-through features at the time of issue. As qualifying expenditures are incurred, the Company decreases the liability for the flow-through share premium on a pro-rata basis and transfers the amounts to profit or loss.

h. Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i. Loss per share

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

Foreign currency translation

Any transaction denominated in a foreign currency is translated into the functional currency using the exchange rate prevailing at the date of the transaction or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

j. Decommissioning and restoration provisions

Decommissioning and restoration provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

ROUGH RIDER EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Decommissioning and restoration provisions (continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows discounted for the market discount rate.

Over time the discounted liability is increased for the changes in the present value based on the current market discount rates and liability risks. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Changes in reclamation estimates are accounted for prospectively as a change in the corresponding capitalized cost.

The Company did not have any decommissioning and restoration provisions for the years presented.

k. Recent accounting pronouncements

For the Company's year ended December 31, 2019:

IFRS 16, Leases: This new standard eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model which requires the lessee to recognize assets and liabilities for all leases with a term of longer than 12 months. The Company has no leases as at December 31, 2018, therefore management believes that IFRS 16 will not have a material impact on the Company's financial statements.

4. EXPLORATION PROPERTY

a. Acquisition costs

	Genesis property	Iron Butte property	Other Canadian properties	Total
Balance, December 31, 2016	\$ 1,196,112	\$ -	\$ -	\$ 1,196,112
Cash payment	-	33,287	-	33,287
Share payment	137,500	5,250	-	142,750
Staking costs	-	-	31,199	31,199
Write-off of acquisition costs	-	-	(18,821)	(18,821)
Balance, December 31, 2017	1,333,612	38,537	12,378	1,384,527
Write-off of acquisition costs	(1,333,612)	(38,537)	(6,189)	(1,378,338)
Balance, December 31, 2018	\$ -	\$ -	\$ 6,189	\$ 6,189

Genesis property

On July 16, 2014, the Company entered into an option agreement, subsequently amended, with Kivalliq Energy Corp, ("Kivalliq") under which Roughrider may earn up to an 85% interest in Kivalliq's Genesis uranium project (the "Genesis property") located in the Athabasca Basin region of Canada.

ROUGH RIDER EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

Expressed in Canadian Dollars

4. EXPLORATION PROPERTY (CONTINUED)

Acquisition costs (continued)

Genesis property (continued)

Under the terms of the amended option agreement, the Company may earn an initial 50% interest by making cash payments, incurring expenditures, and issuing shares as follows:

	Payments	Expenditures	Common shares
On the effective date of the agreement	\$125,000 ⁽¹⁾	N/A	393,966 ⁽¹⁾
On or before December 31, 2014	N/A	\$1,000,000 ⁽¹⁾	N/A
On signing of the amending agreement	\$400,000 ⁽¹⁾	N/A	N/A
On or before August 31, 2016	N/A	N/A	393,966 ⁽¹⁾
On or before August 31, 2017	\$175,000 ⁽²⁾	\$1,100,000	N/A
Total	\$700,000	\$2,100,000 ⁽³⁾	787,932

⁽¹⁾ This amount has been paid, this expenditure incurred, or these shares issued as of December 31, 2016.

⁽²⁾ This amount was paid, at Roughrider's election, through the issuance of 500,000 shares with a fair value of \$137,500 on August 30, 2017, the date of issue.

⁽³⁾ As of December 31, 2018, the Company has incurred cumulative expenditures of \$2,149,419 including GST, as allowed under the amended option agreement.

As at December 31, 2018, all requirements above have been met and the Company has fulfilled the requirements to earn a 50% interest in the Genesis property.

Once the Company has earned an initial 50% in the Genesis property, the Company may acquire a further 35% interest (for an aggregate 85% interest) by making additional cash payments totaling \$700,000 (which may be paid either in cash or in shares, at the Company's election) and incurring additional expenditures of \$2,500,000.

During the year ended December 31, 2016, Roughrider acquired additional claims within the boundary of the Genesis project for the issuance of 15,000 common shares, valued at \$9,000, and the creation of a 2% net smelter returns royalty ("NSR") on production from the area covered by the licenses. The NSR may be reduced to 1% by the payment of \$500,000 within six months of publishing a feasibility study incorporating the area covered by the licences.

During the year ended December 31, 2018, the Company determined that it would not be advancing the Genesis project at this time. Accordingly, the Company has written off acquisition costs of \$1,333,612 as at December 31, 2018.

Iron Butte property

On June 21, 2017, the Company entered into an option agreement under which Roughrider may earn a 100% interest in certain mining claims comprising the Iron Butte oxide gold-silver project in Lander County, Nevada (the "Iron Butte property").

Under the terms of the option agreement, the Company could earn a 100% interest by making certain cash payments and issuing shares. During the year ended December 31, 2018, the Company terminated the Iron Butte option agreement. Accordingly, the Company has written off \$38,537 in related acquisition costs as at December 31, 2018.

ROUGH RIDER EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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4. EXPLORATION PROPERTY (CONTINUED)

Acquisition costs (continued)

Sabin property

On March 3, 2017, the Company entered into a letter agreement with Commander Resources Ltd. (“Commander”) to acquire up to a 100% interest in Commander’s Sabin zinc-copper-silver property in Northwestern Ontario, Canada. On June 2, 2017, the Company terminated the letter agreement.

During the year ended December 31, 2017 the Company also staked certain claims contiguous to the Sabin property in Northwestern Ontario, Canada at a cost of \$18,821; these costs were written off as at December 31, 2017 as the Company had no intentions of advancing the project.

Silver Ace property

On November 16, 2017, the Company acquired, by staking, the Silver Ace property, located near Houston, BC, at a cost of \$6,189. During the year ended December 31, 2018, the Company did not renew the Silver Ace claims; accordingly, the Company has written off \$6,189 in related acquisition costs as at December 31, 2018.

Sterling property

On November 22, 2017, the Company acquired, by staking, the Sterling property, located near Houston, BC, at a cost of \$6,189.

Brownell Lake property

On June 6, 2018, the Company entered into an option agreement under which Roughrider may earn up to an 80% interest in the Brownell Lake base metals project near La Ronge, Saskatchewan (the “Brownell Lake property”).

Under the terms of the option agreement, the Company can earn an initial 60% interest by making cash payments and incurring exploration expenditures as follows:

	Payments	Expenditures
On or before December 31, 2018	N/A	\$100,000*
On or before March 31, 2019	\$25,000	N/A
On or before December 31, 2019	N/A	\$300,000
On or before March 31, 2020	\$50,000	N/A
On or before December 31, 2020	N/A	\$600,000
On or before March 31, 2021	\$125,000	N/A
On or before December 31, 2021	N/A	\$2,000,000
On or before March 31, 2022	\$300,000	N/A
Total	\$500,000	\$3,000,000

* incurred as at December 31, 2018

The Company can earn an additional 20% interest (total 80% interest) by making additional cash payments of \$2,000,000 (total \$2,500,000) and exploration expenditures of \$4,000,000 (total \$7,000,000) within two years of the date of election to exercise the initial option. The Brownell Lake property is subject to a 2% NSR.

Subsequent to December 31, 2018, the Company terminated the Brownell Lake property option agreement.

ROUGH RIDER EXPLORATION LIMITED

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4. EXPLORATION PROPERTY (CONTINUED)

Acquisition costs (continued)

Olsen property

On June 6, 2018, the Company entered into an option agreement under which the Company may earn up to an 80% interest in the Olsen gold project near La Ronge, Saskatchewan (the "Olsen property").

Under the terms of the option agreement, the Company can earn an initial 60% interest by making cash payments and incurring exploration expenditures as follows:

	Payments	Expenditures
On or before December 31, 2018	N/A	\$100,000*
On or before March 31, 2019	\$25,000	N/A
On or before December 31, 2019	N/A	\$300,000
On or before March 31, 2020	\$50,000	N/A
On or before December 31, 2020	N/A	\$600,000
On or before March 31, 2021	\$125,000	N/A
On or before December 31, 2021	N/A	\$2,000,000
On or before March 31, 2022	\$300,000	N/A
Total	\$500,000	\$3,000,000

* incurred as at December 31, 2018

The Company can earn an additional 20% interest (total 80% interest) by making additional cash payments of \$2,000,000 (total \$2,500,000) and incurring exploration expenditures of \$4,000,000 (total \$7,000,000) within two years of the date of election to exercise the initial option. The Olsen property is subject to a 2% NSR.

Subsequent to December 31, 2018, the Company terminated the Olsen property option agreement.

Exploration expenses

The Company incurred the following exploration expenditures during the year ended December 31, 2018 and 2017:

	2018	2017
Assays	\$ --	\$ 641
Field equipment and supplies	49,794	11,964
Filing fees	--	39
Geological consulting	125,646	16,344
Geophysical survey (data analysis)	--	6,764
Geophysical survey (ground)	2,208	241,366
Helicopter	23,769	--
Other	--	1,115
Personnel time	--	13,701
Travel	9,790	20,210
Total	\$ 211,207	\$ 312,144

ROUGH RIDER EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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5. FLOW-THROUGH PREMIUM LIABILITY

On December 21, 2017, the Company completed a flow-through private placement of 666,600 flow-through units at a price of \$0.30 per flow-through unit for gross proceeds of \$199,980. Each flow-through unit consisted of one flow-through share and one-half of one share purchase warrant, each warrant exercisable into one non-flow-through common share at a price of \$0.50 per share. A \$33,330 flow-through share premium liability was recorded pursuant to this financing. Upon incurring qualifying expenditures of \$2,089 for the year ended December 31, 2017, the flow-through share premium liability was partially extinguished, and a recovery of this liability was recorded in profit and loss, in the amount of \$348. Additional qualifying expenditures of \$200,291 were incurred for the year ended December 31, 2018 and a recovery of the flow-through share premium liability was fully extinguished in the amount of \$32,982.

On December 30, 2016, the Company completed a flow-through private placement of 1,020,200 flow-through shares at a price of \$0.30 per share for gross proceeds of \$306,060. A \$51,010 flow-through share premium liability was recorded pursuant to this financing. Upon incurring qualifying expenditures of \$306,060 for the year ended December 31, 2017, the flow-through share premium liability was extinguished, and a recovery of this liability was recorded in profit and loss, in the amount of \$51,010.

6. CAPITAL STOCK

Authorized

Unlimited common shares with no par value and unlimited preferred shares with no par value.

Effective July 3, 2018, the Company consolidated its issued and outstanding common shares on a basis of one post-consolidation share for 5 pre-consolidation shares. Unless otherwise stated, all share and per share amounts have been restated respectively to reflect this share consolidation.

Issuances

2018 transactions

On September 18, 2018, the Company closed a non-brokered private placement financing and issued 4,390,000 shares for proceeds of \$439,000. The Company paid aggregate cash finders' fees of \$19,250 and incurred additional filing fees of \$2,945 in connection with this financing.

2017 transactions

On January 5, 2017, the Company closed the final tranche of the non-brokered private placement financing and issued 40,000 additional non-flow through shares for proceeds of \$10,000. The Company incurred additional costs of \$321 in connection with this financing.

On July 13, 2017, the Company issued 15,000 common shares valued at \$5,250 due under the Iron Butte property option agreement described in Note 4.

On August 30, 2017, the Company issued 500,000 common shares valued at \$137,500 which was due under the Genesis property option agreement described in Note 4.

ROUGH RIDER EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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6. CAPITAL STOCK (CONTINUED)

Issuances (continued)

On December 21, 2017, the Company closed a flow-through private placement of 666,600 flow-through units (the "2017 FT Units") at a price of \$0.30 per 2017 FT Unit for aggregate proceeds of \$199,980, 120,000 non-flow-through units (the "2017 Non-FT Units") at a price of \$0.25 per 2017 Non-FT Unit for aggregate proceeds of \$30,000, and an aggregate of 800,000 non-flow-through common shares (the "2017 Non-FT Shares") at a price of \$0.25 per 2017 Non-FT Share for aggregate proceeds of \$200,000. The 2017 FT Units consist of one flow-through common share and one half of one share purchase warrant, and the 2017 Non-FT Units consist of one common share and one share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.50 per common share until December 21, 2019. The Company paid cash finder's fees of \$14,349 and issued 48,762 finder's warrants valued at \$6,888. The finder's warrants have the same terms as the warrants bundled in the units. The Company incurred additional costs of \$9,350 in connection with this financing.

Stock options

The Company has established a share purchase option plan whereby the Board of Directors may grant options to directors, officers, employees or consultants.

The Company has been authorized by its shareholders to grant stock options numbering up to ten percent (10%) of the number of common shares issued and outstanding. Under the plan, the exercise price of each option shall be determined by the directors but will in no event be less than the discount market price for the common shares. Stock options granted are subject to a maximum term of 10 years and vest at the discretion of the Board of Directors. Options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than one quarter of such options vesting in any 3-month period.

Details of stock option activity are as follows:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2016, 2017 and 2018	480,000	\$1.00

The following table summarizes information about stock options outstanding and exercisable to directors, officers, employees and consultants as at December 31, 2018:

Grant date	Expiry date	Exercise price	Number of options outstanding and exercisable	Remaining contractual life
Aug. 7, 2014	Aug. 7, 2019	\$1.10	390,000	0.60 years
Feb. 1, 2016	Feb. 1, 2021	\$0.60	50,000	2.09 years
Dec. 20, 2016	Dec. 20, 2021	\$0.35	40,000	2.97 years
Weighted average remaining contractual life				0.95 years

ROUGH RIDER EXPLORATION LIMITED

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6. CAPITAL STOCK (CONTINUED)

Warrants

Details of warrant activity are as follows:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2016	2,184,810	\$1.25
Issued	502,062	\$0.50
Expired	(1,410,095)	\$1.60
Outstanding, December 31, 2017	1,276,777	\$0.50
Expired	(774,715)	\$0.53
Outstanding, December 31, 2018	502,062	\$0.50

As at December 31, 2018, the outstanding stock purchase warrants were as follows:

Expiry date	Exercise price	Number of warrants	Remaining contractual life
December 21, 2019	\$0.50	502,062 ⁽¹⁾	0.97 years
Weighted average remaining contractual life:			0.97 years

⁽¹⁾ 48,762 of which are finder's warrants

The fair values of the finder's warrants issued were calculated using the Black-Scholes Option Pricing Model, based on the following weighted average assumptions:

	Year ended December 31, 2018	Year ended December 31, 2017
Exercise price	--	\$0.50
Average risk-free interest rate	--	1.66%
Expected dividend yield	--	0.00%
Expected stock price volatility	--	125.25%
Expected life	--	2.00 years
Value per warrant	--	\$0.145

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgement in making estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management has made judgements in a number of areas in preparing these financial statements. Those judgements that have the most significant effect on the amounts recognised in the financial statements are the determination whether the entity remains a going concern, and the assessment of impairment indicators for the Company's exploration property acquisition costs. Areas of critical accounting estimates include share-based payments and warrants and deferred tax assets.

ROUGH RIDER EXPLORATION LIMITED

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7. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Critical judgements

a. Going concern

These statements have been prepared on the assumption that the Company is able to continue as a going concern. Additional information relating to the going concern assumption is disclosed in Note 1.

b. Impairment of exploration property acquisition costs

Management's judgement is that there were no significant indicators of impairment of certain exploration property acquisition costs. Ownership in exploration properties involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many exploration properties. Also, the Company must periodically apply to the relevant government entities for exploration-licence renewals, extensions and conversions and is subject to those entities' decisions. The Company has investigated ownership of its exploration properties and in management's judgement, ownership of its remaining exploration property interest is in good standing at December 31, 2018.

Key sources of estimation uncertainty

a. Share-based payments and warrants

Determining the fair value of options and warrants requires the exercise of judgement related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Option and warrant pricing models require the input of highly subjective assumptions including the expected price volatility and expected life. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's options or warrants at the date of grant. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. Refer to Note 6 for a summary of assumptions used.

b. Deferred tax assets

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected. Actual results may differ from the estimates made. Judgements and estimates, and their underlying assumptions, are reviewed on an ongoing basis. Revisions to accounting estimates or judgements are recognized in the period in which the estimates are revised and in any future periods affected.

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8. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2018	2017
Loss for the year	\$ (1,735,083)	\$ (712,681)
Expected income tax recovery	\$ (468,000)	\$ (185,000)
Change in statutory, foreign tax, foreign exchange rates and other	(1,000)	5,000
Permanent differences	(9,000)	(13,000)
Impact of flow through share	53,000	80,000
Share issuance cost	(6,000)	(6,000)
Adjustment to prior year provision versus statutory tax returns and expiry of non-capital losses	(35,000)	--
Change in unrecognized deferred tax assets	466,000	119,000
Total income tax recovery	\$ --	\$ --

The significant components of the Company's unrecorded deferred tax assets are as follows:

	2018	2017
Deferred Tax Assets		
Share issuance costs	\$ 14,000	\$ 25,000
Exploration expenses	747,000	354,000
Non-capital losses available for future periods	552,000	468,000
	1,313,000	847,000
Unrecognized deferred tax assets	(1,313,000)	(847,000)
Net deferred tax assets	\$ --	\$ --

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2018	Expiry Date Range	2017	Expiry Date Range
Share issuance costs	\$ 52,000	2023 to 2028	\$ 96,000	2019 to 2022
Exploration expenses	2,765,000	No expiry	1,361,000	No expiry
Non-capital losses available for future periods	2,046,000	2031 to 2038	801,000	2031 to 2037

ROUGH RIDER EXPLORATION LIMITED

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9. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes executive and non-executive members of the Company's Board of Directors, the CEO, CFO, and a vice president. During the year ended December 31, 2018, the CEO and a vice president of the Company were paid compensation of \$155,000 (2017 - \$205,000) which is included in salaries, marketing and exploration expenses; non-executive members of the Company's Board of Directors received no cash compensation or stock options.

Other related parties:

During the year ended December 31, 2018:

- a) Legal services valued at \$17,167 (2017 - \$68,235) were provided by a law firm for which one of the directors of the Company is a partner; and
- b) The Company paid \$11,379 (2017 - \$20,730) for administrative services and \$12,000 (2017 - \$12,600) for rent expense to a company owned by a director and officer of the Company.

As at December 31, 2018, the Company owed \$46,948 (2017 - \$119,964) to related parties, which is included in accounts payable and accrued liabilities.

10. CAPITAL DISCLOSURES

The Company manages its common shares, options and warrants as capital, each components of shareholders' equity. As at December 31, 2018, the Company's shareholders' equity was \$47,815. As the Company is an exploration-stage mining company, its principal source of funds is from the issuance of common shares (See Note 1). When managing the capital structure, the Company's competing objectives are to minimize the number of shares issued and to raise sufficient capital to both safeguard its ability to continue as a going concern, and to execute near-term exploration objectives. The Company has not established any quantitative capital management criteria as the competing objectives require subjective analysis.

There were no changes to the Company's approach to capital management during the year ended December 31, 2018.

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

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash, receivables and accounts payable and accrued liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments. Cash is measured using level one of the fair value hierarchy.

ROUGH RIDER EXPLORATION LIMITED

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial instruments (continued)

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and receivables. The Company limits its exposure to credit loss by placing its cash with a major Canadian bank. The Company's only significant receivable at December 31, 2018 relates to a sales tax refund from the Government of Canada, who is not considered a default risk.

Liquidity risk

The Company is exposed to liquidity risk. All of the Company's current financial liabilities are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity prices, equity prices, and foreign currency fluctuations.

a) Interest rate risk

Interest rate risk on cash is minimal because these investments generally have a fixed yield rate. As at December 31, 2018, the Company did not have any interest-bearing debt.

b) Foreign currency risk

The Company could be exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at December 31, 2018, the Company did not have any significant exposure to foreign currencies and so considers foreign currency risk insignificant to the Company at present.

c) Price risk

The Company may at times have limited indirect exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

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12. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition, exploration and evaluation of exploration properties. The total assets attributable to geographical locations relate primarily to exploration properties and are located in Canada (Note 4).