

Condensed Consolidated Financial Statements
(Expressed in Canadian dollars)

ASIAN MINERAL RESOURCES LIMITED

For the three months ended September 30, 2018 and 2017

(Unaudited – Prepared by Management)

ASIAN MINERAL RESOURCES LIMITED

Condensed Consolidated Financial Statements

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of Asian Mineral Resources Limited (the "Company") have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. They include appropriate accounting principles, judgment and estimates in accordance with IFRS for interim financial statements.

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

ASIAN MINERAL RESOURCES LIMITED

Condensed Consolidated Balance Sheets
(Expressed in Canadian dollars)
(Unaudited)

	Notes	September 30, 2018	December 31, 2017
Assets			
Current assets:			
Cash and cash equivalents		\$ 19,157	\$ 502,367
Accounts receivable and prepaid expenses	7	19,001	680,942
Inventories	8	-	314,234
		38,158	1,497,543
Mineral property	9	100,000	-
Environmental bond	13	-	344,057
		100,000	344,057
Total assets		\$ 138,158	\$ 1,841,600
Liabilities and Shareholders' Equity (Deficit)			
Current liabilities:			
Short-term loans	10	\$ 934,954	\$ -
Trade payables and accrued liabilities	11	1,607,351	9,307,230
Other current liabilities	12	-	890,930
		2,542,305	10,198,160
Non-current liabilities:			
Provision for closure and rehabilitation	13	-	406,904
Other non-current liabilities	14	-	1,244,183
		-	1,651,087
Total liabilities		2,542,305	11,849,247
Shareholders' equity:			
Share capital	15	128,872,855	128,872,855
Share-based payments reserve		586,412	798,003
Currency translation reserve		-	17,467,350
Deficit		(131,863,414)	(151,520,927)
Equity attributable to shareholders of the Company		(2,404,147)	(4,382,719)
Non-controlling interest	25	-	(5,624,928)
Total shareholders' equity (deficit)		(2,404,147)	(10,007,647)
Total liabilities and shareholders' equity (deficit)		\$ 138,158	\$ 1,841,600

Going concern (note 1)
Contingencies (note 28)
Subsequent event (note 29)

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

ASIAN MINERAL RESOURCES LIMITED

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

(Expressed in Canadian dollars)

(Unaudited)

For the three months ended September 30, 2018 and 2017

	Notes	Three months ended September 30 2018	Three months ended September 30 2017	Nine months ended September 30 2018	Nine months ended September 30 2017
Revenue	16	\$ -	\$ -	\$ -	\$ 536,927
Care and maintenance costs	17	-	(168,020)	(147,357)	(690,865)
General and administrative expenses	18	(114,277)	(995,376)	(1,021,553)	(2,614,012)
Exploration		-	(101,349)	37,645	(307,165)
Other income (expense)		-	(202,922)	44,974	(87,931)
Operating loss		(114,277)	(1,467,667)	(1,086,291)	(3,163,046)
Finance income		183	1,920	1,140	6,123
Finance expense	19	(40,704)	(90,326)	(127,093)	(314,842)
Gain on disposal of Vietnam operation	20	20,484,426	-	20,484,426	-
Net income (loss) for the period		20,329,628	(1,556,073)	19,272,182	(3,471,765)
Other comprehensive income (loss):					
Foreign currency translation gain (loss)		-	223,949	(564,843)	522,437
Accumulated translation gains included in gain on disposal of Vietnam operation		(16,958,992)	-	(16,958,992)	-
Comprehensive income (loss) for the period		\$ 3,370,636	\$ (1,332,124)	\$ 1,748,347	\$ (2,949,328)
Net gain (loss) for the period attributable to:					
Shareholders of the Company		\$ 20,329,628	\$ (1,499,935)	\$ 19,336,877	\$ (3,194,179)
Non-controlling interest		-	(56,138)	(64,695)	(277,586)
Net loss for the period		\$ 20,329,628	\$ (1,556,073)	\$ 19,272,182	\$ (3,471,765)
Comprehensive income (loss) for the period attributable to:					
Shareholders of the Company		\$ 3,370,636	\$ (1,298,381)	\$ 1,804,832	\$ (2,723,986)
Non-controlling interest	25	-	(33,743)	(56,485)	(225,342)
Comprehensive income (loss) for the period		\$ 3,370,636	\$ (1,332,124)	\$ 1,748,347	\$ (2,949,328)
Basic and diluted shareholders' income (loss) per share	14(e)	\$ 5.11	\$ (0.39)	\$ 4.85	\$ (0.88)
Weighted average number of common shares outstanding		3,979,629	3,944,604	3,979,629	3,944,604

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

ASIAN MINERAL RESOURCES LIMITED

Condensed Consolidated Statement of Changes in Equity
(Expressed in Canadian dollars, except number of common shares)
(Unaudited)

For the three months ended September 30, 2018 and 2017

	Number of common shares (note 15)	Share capital (note 15)	Share- based payments reserve	Currency translation reserve	Deficit	Shareholders' equity	Non- controlling interest	Total
Balance, January 1, 2017	3,944,629	\$ 128,732,855	\$ 632,778	\$ 17,048,414	\$ (144,354,584)	\$ 2,059,463	\$ (4,959,931)	\$ (2,900,468)
Issue of shares, net of costs	-	-	-	-	-	-	-	-
Share-based payments	-	-	122,678	-	-	122,678	-	122,678
Expiry of options	-	-	-	-	-	-	-	-
Currency translation loss	-	-	-	431,398	-	431,398	52,244	483,642
Net loss for the period	-	-	-	-	(3,008,005)	(3,008,005)	(277,586)	(3,285,591)
Balance, September 30, 2017	3,944,639	128,732,855	755,456	17,479,812	(147,362,589)	(394,466)	(5,185,273)	(5,579,739)
Issue of shares, net of costs	35,000	140,000	-	-	-	140,000	-	140,000
Share-based payments	-	-	253,203	-	-	253,203	-	253,203
Expiry of options	-	-	(210,656)	-	210,656	-	-	-
Currency translation gain	-	-	-	(12,462)	-	(12,462)	(5,696)	(18,158)
Net loss for the period	-	-	-	-	(4,368,994)	(4,368,994)	(433,959)	(4,802,953)
Balance, December 31, 2017	3,979,629	128,872,855	798,003	17,467,350	(151,520,927)	(4,382,719)	(5,624,928)	(10,007,647)
Issue of shares, net of costs	-	-	-	-	-	-	-	-
Share-based payments	-	-	109,045	-	-	109,045	-	109,045
Expiry of options	-	-	(320,636)	-	320,636	-	-	-
Currency translation gain	-	-	-	(508,358)	-	(508,358)	(56,485)	(564,843)
Net income for the period	-	-	-	(16,958,992)	19,336,877	2,377,885	5,681,413	8,059,298
Balance, September 30, 2018	3,979,629	\$ 128,872,855	\$ 586,412	-	\$ (131,863,414)	\$ (2,404,147)	-	\$ (2,404,147)

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

ASIAN MINERAL RESOURCES LIMITED

Condensed Consolidated Statements of Cash flows

(Expressed in Canadian dollars)

Unaudited)

For the three months ended September 30, 2018 and 2017

Notes	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Cash provided by (used in):				
Operating activities:				
Net income (loss) for the period	\$ 20,329,628	\$ (1,556,073)	\$ 19,272,182	\$ (3,471,765)
Items not involving cash:				
Share-based payments	15 22,840	157,341	109,045	308,853
Amortization and depreciation	-	9,631	-	30,149
Disposal of Vietnam operation	21 (20,484,426)	-	(20,484,426)	-
Changes in non-cash operating working capital:				
Accounts receivable and prepaid expenses	(3,100)	331,831	50,501	777,032
Inventories	-	11,528	-	20,073
Accounts payable and accrued liabilities	67,092	(250,582)	407,878	(1,972,902)
Non-current liabilities	-	-	(703,639)	-
Cash flow used in operating activities	(67,966)	(1,296,324)	(1,348,459)	(4,308,560)
Financing activities:				
Short-term loans obtained	134,392	-	985,601	-
Short-term loans repaid	(89,423)	--	-	-
Change in accounts payable -investment	-	(57,629)	-	(109,733)
Cash flow provided by (used in) financing activities	44,969	(57,629)	985,601	(109,733)
Investment activities:				
Cash included in disposed operation	21 (16,142)		(16,142)	
Purchase of Holt Option	(100,000)	--	(100,000)	-
Cash flow used in investment activities	(116,142)	-	(116,142)	-
Net increase (decrease) in cash and cash equivalents	(139,139)	(1,353,953)	(479,000)	(4,418,293)
Effect of foreign exchange rate fluctuations on cash held in foreign jurisdictions	-	224,681	(4,210)	485,191
Cash and cash equivalents, beginning of period	158,296	2,653,516	502,367	5,457,346
Cash and cash equivalents, end of period	\$ 19,157	\$ 1,524,244	\$ 19,157	\$ 1,524,244

Supplemental cash flow information (note 23)

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

ASIAN MINERAL RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
(Unaudited)
For the three months ended September 30, 2018 and 2017

1. Nature of business and going concern:

Asian Mineral Resources Limited (the “Company” or “AMR”) is incorporated under the laws of the Province of British Columbia by a certificate of continuance as of December 31, 2004, having previously been incorporated and registered under the New Zealand Companies Act 1993. On April 19, 2004, the Company became listed on the TSX-Venture Exchange (TSX-V). The Company’s principal business activities are the exploration and development of mineral property interests and extraction and processing. The Company’s registered corporate office is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, Canada M5H 1T1.

The Company’s principal mineral property interest, until July 17, 2018, was a nickel joint venture, in the Ban Phuc Project Area located 160 km west of Hanoi in Son La Province, in northwestern Vietnam. Development of the project completed in 2012, with full commercial production beginning November 1, 2013. Over the course of its life, Ban Phuc produced c.20,000 tonnes of nickel and c.10,000 tonnes of copper, plus cobalt as a by-product. Mining and processing operations were suspended in September 2016 and operations were transitioned to a care and maintenance scenario. After a thorough strategic review process, the Company announced the sale of the Ban Phuc Nickel Mine on July 17, 2018 after approval by the Company’s shareholders, which allowed for an orderly and clean exit from Vietnam. The Company’s 90% ownership interest in the mine and supporting infrastructure was sold to Ta Khoa Mining Limited (“Ta Khoa”), a company established by AMR’s longstanding in-country senior manager, Mr. Stephen John Ennor. Ta Khoa assumed all existing trade payables, tax, and other creditor liabilities of the Company’s subsidiary, Ban Phuc Nickel Mines LLC (“BPNM”). AMR retains the right to receive 50% of any sale proceeds in excess of US \$2 million from the sale of the Vietnamese assets completed less than 6 months, and 25% of any sale proceeds in excess of US \$2 million from the sale of the Vietnamese assets completed between 6 and 18 months, after closing of the sale to Ta Khoa.

During the 2018 third quarter, the Company entered into an option agreement with Island Time Exploration Limited (“Island Time”) for the exclusive right to acquire up to a 75% interest in four mineral titles totalling 3,687 hectares situated east of Duncan in the Victoria Mining Division (the “Holt Option Agreement”), whose primary target is volcanogenic, polymetallic massive sulphides, in consideration for a fee of \$100,000, payable by way of a promissory note, and conditional upon incurring up to an aggregate of \$300,000 of exploration and development expenditures on the property in the ensuing 18 months.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course as they come due. As at September 30, 2018, the Company had an accumulated deficit of \$131.9 million, with cash and cash equivalents of \$19,157, and negative working capital of \$2.5 million. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern.

In the first half of 2018, the Company obtained loans of US \$180,000, US \$380,000, and US \$70,000 from Pala Investments Limited (“Pala”), the majority shareholder of the Company and US \$70,000 from Ta Khoa, which were used to pay employee termination payments and certain other costs to prepare BPNM for potential sale or other strategic transaction and ongoing operating expenditures.

ASIAN MINERAL RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements
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(Unaudited)
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1. Nature of business and going concern (continued):

Subsequent to the quarter end, the Company issued 4,766,808 common shares at a price of \$0.50 per share to extinguish \$2,383,404 of liabilities pursuant to settlement agreements with certain of the Company's creditors. Additionally the Company entered into agreements with a group of investors pursuant to which such investors advanced the sum of \$360,000 conditional upon, and in anticipation of the completion of a future equity financing. Should the Company fail to complete an equity financing by a date determined by the Company and the investors, the Company will return the full amount of the advance. These funds have allowed the Company to pay outstanding and ongoing administrative expenses. Future financing will be required to fulfill requirements under the Holt Option Agreement and for future administrative operations. There can be no assurance that the Company will be able to obtain sufficient financing and such financing, if realized, might not be favourable to the Company and might involve substantial dilution to existing shareholders. Should the Company not be able to continue as a going concern, adjustments to the carrying values and classification of its assets and liabilities would be required, and these adjustments could be material.

2. Basis of preparation:

(a) Statement of compliance:

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

(b) Approval of the financial statements:

The consolidated financial statements of the Company for the quarter ended September 30, 2018, were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 26, 2018.

(c) Comparative figures:

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently for all periods presented in these consolidated financial statements.

(a) Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis, utilizing the accrual method of accounting unless otherwise described in the following notes.

ASIAN MINERAL RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
(Unaudited)
For the three months ended September 30, 2018 and 2017

3. Significant accounting policies (continued):

(b) Revenue recognition:

Revenue from sales of nickel concentrate is sold under pricing arrangements whereby revenue is recognized at the time of shipment, at which time legal title and risk pass to the customer and provisional revenue is recorded at current month average price as per the London Metals Exchange. The quoted period established to finalize the sales price is the second month after the shipment month, within which the contract is required to be settled. Changes between the prices recorded upon recognition of provisional revenue and final price due to fluctuation in metal market prices result in the existence of an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of revenue and receivables. Changes in the estimate of concentrate nickel content resulting from the final independent analysis of the concentrate are recognized at the point at which such analysis is agreed upon between the Company and its customers.

(c) Currency translation:

The functional and presentation currency of the Company is the Canadian dollar. The functional currency of its subsidiary, Ban Phuc Nickel Mines Limited Liability Company ("BPNM"), is the United States dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities are translated at the exchange rate in place on the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Foreign currency translation differences are recognized in profit or loss.

For consolidation purposes, BPNM is translated into the Company's presentation currency of Canadian dollars. Assets and liabilities are translated using the exchange rate prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rate for the relevant period. Translation differences are recognized in other comprehensive income (loss) and are accumulated within equity in the currency translation reserve.

(d) Basis of consolidation:

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. The Company determines whether it shall consolidate a subsidiary by assessing whether it has control over the subsidiary. Factors considered in such an assessment include whether the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

ASIAN MINERAL RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements
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(Unaudited)
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3. Significant accounting policies (continued):

(d) Basis of consolidation (continued):

The Company currently has no subsidiaries. However significant subsidiaries of the Company prior to the sale of its investment in Vietnam assets on July 17, 2018 (note 1) were as follows:

Name	Country of incorporation	Effective interest
Ban Phuc Nickel Mines Limited Liability Company	Vietnam	90%
Asian Mineral Resources Nickel Limited	Cook Islands	100%
Asian Nickel Exploration Limited	Cook Islands	100%

(e) Cash and cash equivalents:

Cash and cash equivalents consist of cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less when acquired.

(f) Inventories:

Inventories include nickel concentrate in progress and produced, and consumable materials and supplies. The cost of nickel concentrate in progress and produced is determined principally by average production costs. Production inventories are stated at the lower of average production costs and net realizable value.

Costs of nickel concentrate inventories include all costs incurred up until production of a tonne of nickel concentrate such as mining costs, processing costs, maintenance costs, road transport costs, and directly attributable general and administration costs, but exclude royalties. Net realizable value is determined with reference to estimated contained nickel, copper, and cobalt metal and current market prices at the reporting period end date.

Consumable materials and supplies inventory consists of consumables used in development activities, such as explosives, fuel, and spare parts which are valued at the lower of cost and replacement cost (approximates net realizable value) and, where appropriate, less a provision for obsolescence.

(g) Prepayments:

Prepayments to suppliers and contractors are based on the contract progress, with payments made at specified stages of the contract. These payments are recognized in the balance sheet as prepaid expenses.

(h) Property, plant, and equipment:

Property, plant and, equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Plant and equipment includes capitalized development expenditures. Cost includes expenditures that are directly attributable to the acquisition or construction of an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

ASIAN MINERAL RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
(Unaudited)
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3. Significant accounting policies (continued):

(h) Property, plant and equipment (continued):

Depreciation is provided on plant and equipment, calculated on a unit-of-production basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual financial period with the effect of any changes recognized on a prospective basis.

Asset	Basis	Rate range
Building, machinery, motor vehicles, infrastructure	Straight-line	14% - 25%
Furniture and office equipment	Straight-line	11% - 33%
Licenses and franchises	Straight-line	11% - 33%
Plant and mine development	Unit of production based mineral reserves	

The expenditures related to construction are capitalized as construction-in-progress and are included within property, plant, and equipment. Construction in progress represents the cost of remaining plant and mine development, which is under construction. Costs directly attributable with ongoing construction related activities during the commissioning phase of new assets incurred in the period before they are operating in the way intended by management are capitalized; all other costs not directly attributable are expensed. No depreciation is provided for construction in progress during the period of construction.

(i) Mineral property interest:

Exploration expenses incurred prior to determination of the technical feasibility and commercial viability of mining operations and issuance of a mining license are expensed as incurred. Mineral property acquisition costs and exploration and development expenditures incurred subsequent to the determination of technical feasibility and commercial viability of mining operations and issuance of a mining license are deferred, less accumulated amortization and accumulated impairment losses, if any, until the property to which they relate commences commercial production, is sold, allowed to lapse or is abandoned. Technical feasibility and commercial viability generally coincide with the establishment of proven and probable reserves; however, this determination may be impacted by management's assessment of certain modifying factors. When commercial production in an area of interest has commenced, the associated costs are amortized over the estimated economic life of the mine on a units-of-production basis using proven and probable reserves (as defined by National Instrument 43-101).

Changes in factors such as estimates of proven and probable reserves that affect units-of-production calculations are accounted for on a prospective basis.

ASIAN MINERAL RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements
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(Unaudited)
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3. Significant accounting policies (continued):

(j) Impairment of long-lived assets:

At the end of each year or at each reporting date, the Company reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs.

The recoverable amount of a CGU is the higher of the CGU’s fair value less costs to sell and its value-in-use. 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 assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. Impairment losses are recognized in profit and loss in the period the impairment indicator is identified.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset or CGU is increased to its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. The reversal of an impairment loss is recognized immediately in profit and loss.

(k) Reserve estimates:

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 *Standards for Disclosure of Mineral Projects* (“NI 43-101”). Reserves are used when performing impairment assessments on the Company’s mineral property, for forecasting the timing of payment of mine closure, reclamation and rehabilitation costs, and in determining the depletion of mineral properties.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs, or recovery rates may change the economic status of reserves and may, ultimately, result in changes to reserve estimates. Any adjustments are accounted for prospectively.

ASIAN MINERAL RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements
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3. Significant accounting policies (continued):

(l) Provision for closure and rehabilitation:

A provision for closure and rehabilitation is recognized when there is a legal or constructive obligation to remediate as a result of exploration, development, and production activities undertaken, if the amount of the provision can be measured reliably. The estimated future obligations include the costs of dismantling, and removal of facilities and restoration. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation cost capitalized is amortized on the same basis as the related asset. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at the reporting date.

(m) Share capital:

Common shares are classified as equity. The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued at the quoted market price on the date the shares are issued.

(n) Share-based payments:

The Company has a share option plan, under which the fair value of all share-based awards is estimated using the Black-Scholes Option Pricing Model at the grant date and amortized over the vesting periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received, or the fair value of the equity instruments issued if it is determined the fair value of the goods or services received cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset is credited to share-based payment reserve.

Upon the exercise of the share purchase options, consideration paid together with the amount previously recognized in the share-based payment reserve is recorded as an increase to share capital. Charges for share purchase options that are forfeited before vesting are reversed from the share-based payments reserves. For those share purchase options that expire or are forfeited after vesting, the amount previously recorded in share-based payments reserve is transferred to deficit.

(o) Interest expense:

Interest is recognized using the effectiveness interest method, taking into account the principal outstanding and the effective rate over the period to maturity.

ASIAN MINERAL RESOURCES LIMITED

Notes to the Condensed Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
(Unaudited)
For the three months ended September 30, 2018 and 2017

3. Significant accounting policies (continued):

(p) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of operations except to the extent that the tax relates to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be in effect when temporary differences reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

(q) Financial instruments:

Non-derivative financial assets and liabilities:

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies its financial assets and liabilities in the following categories:

- (A) Fair value through profit or loss ("FVTPL");
- (B) Held-to-maturity;
- (C) Available-for-sale financial assets ("AFS"); or
- (D) Loans and receivables.

The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

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3. Significant accounting policies (continued):

(q) Financial instruments (continued):

The Company has the following non-derivative financial assets: loans and receivables and an environmental bond.

Financial assets at FVTPL

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy.

Held-to-maturity investments

Investments are measured at amortized cost using the effective interest rate method. Transaction costs are added and amortized to the statement of operations over the life of the financial instrument on an effective yield basis. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Short-term investments are classified as available-for-sale and are carried at fair value (where determinable based on market prices of actively traded securities) with unrealized gains and losses recognized in other comprehensive income (loss). Management assesses the carrying value of AFS financial assets each period and any impairment charges are recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income (loss) are included in profit and loss. The Company does not have any assets classified as available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, accounts receivable, and environmental bonds.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

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3. Significant accounting policies (continued):

(q) Financial instruments (continued):

Financial liabilities

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, derivative financial liabilities are measured at fair value and other financial liabilities at amortized cost using the effective interest method.

The Company has the following non-derivative financial liabilities: trade payables and accrued liabilities, other current liabilities and non-current liabilities which are classified as other financial liabilities.

(r) Earnings (loss) per share:

Basic earnings (loss) per share is calculated by dividing the income (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. For all periods presented, income (loss) available to common shareholders equals the reported income (loss) attributable to the shareholders of the Company.

Diluted earnings (loss) per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares issued and outstanding used for the calculation of diluted earnings (loss) per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the year.

4. Changes in accounting standards:

The accounting policies applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those applied by the Company in its audited consolidated financial statements as at and for the period ended September 30, 2018 except as described below.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of IFRS 9 did not have a material impact on the consolidated financial statements because of the nature of the Company's operations and the types of financial assets that it holds.

(i) *Classification and measurement of financial assets and financial liabilities*

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables, and available for sale.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value in Other Comprehensive Income ("FVOCI") – debt investment; FVOCI – equity investment; or Fair Value Through Profit or Loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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4. Changes in accounting standards (continued):

(i) *Classification and measurement of financial assets and financial liabilities (continued)*

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

- Financial assets at FVTPL
- Financial assets at amortized cost
- Debt investments at FVOCI
- Equity investments at FVOCI

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

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4. Changes in accounting standards (continued):

(i) *Classification and measurement of financial assets and financial liabilities (continued)*

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains, and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

There were no adjustments on adoption of IFRS 9 on the carrying amounts of financial assets at January 1, 2018.

(ii) *Impairment of financial assets*

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortized cost, contract assets, and debt investments at FVOCI, but not to investments in equity instruments. The impairment model in IFRS 9 applies additionally to lease receivables, loan commitments, and financial guarantee contracts. The Company has no such items.

The financial assets at amortized cost consist of accounts receivables, cash, and cash equivalents.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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4. Changes in accounting standards (continued):

(ii) *Impairment of financial assets (continued)*

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to accounts and other receivables are presented separately in the statement of profit or loss and OCI. Impairment losses on other financial assets are presented under 'finance costs', similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 did not result in an additional impairment allowance.

(iii) *Transition*

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Company has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
 - The determination of the business model within which a financial asset is held.
 - The designation of certain investments in equity instruments not held for trading as at FVOCI.

IFRS 15 Revenue from Contracts with Customers

On May 28, 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much, and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programs*. The Company also adopted IFRS 15 on January 1, 2018 however the adoption did not have a significant impact to the consolidated financial statements as the Company is not currently generating revenue from its operations.

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4. Changes in accounting standards (continued):

Recent accounting announcements

In January of 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16") which replaces the existing leasing standard, IAS 17 *Leases*. The new standard effectively eliminates the distinction between operating and finance leases for lessees, while lessor accounting remains largely unchanged with the distinction between operating and finance leases retained. IFRS 16 takes effect on January 1, 2019, with earlier application permitted. The Company has not yet evaluated the impact of adopting this standard and does not intend to early adopt.

5. Critical judgments in applying accounting policies:

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (note 6), that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

- (a) Economic recoverability and probability of future economic benefits of exploration, evaluation, and development costs:

Management has determined that exploration drilling, evaluation, development, and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits, and life of mine plans.

- (b) Functional currency:

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. It has been determined that the functional currency of BPNM is the United States dollar, while the functional currency for the Company and its other subsidiaries is the Canadian dollar. Assessment of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in the events and conditions, which determine the primary economic environment.

- (c) Going concern:

The assessment of the Company's ability to continue as a going concern (note 1) involves judgment regarding its future funding. Judgments must also be made with regard to events or conditions, which might give rise to significant uncertainty.

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6. Key sources of estimation uncertainty:

The preparation of the consolidated financial statements requires management to make estimates and assumptions of the effect of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Differences between the actual results and present estimates and assumptions have the potential to materially affect the Company's consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effect on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that may result in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

(a) Impairment of mineral properties, plant, and equipment:

The Company considers both external and internal sources of information in assessing whether there are any indications that mineral properties, plant, and equipment are impaired. External sources of information the Company considers include changes in the market, economic, and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mineral properties, plant, and equipment. Internal sources include the manner in which mineral properties, plant, and equipment are being used or are expected to be used, and indications of economic performance of the assets.

In determining the recoverable amounts of the Company's mineral properties, plant, and equipment, the Company's management makes estimates of the discounted future after-tax cash flows expected to be derived from its mineral properties using an appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions in the amount of recoverable reserves, resources and exploration potential, and/or adverse current economics can result in a write down of the carrying amounts of the Company's mineral properties, plant, and equipment.

(b) Operating expenses and costing of work-in-progress inventory:

In determining operating expenses recognized in the consolidated statement of comprehensive income (loss), the Company's management makes estimates of quantities of ore on stockpiles and in process and the recoverable nickel in this material to determine the cost of finished goods sold during the year. Changes in these estimates can result in a change in operating expenses in future periods and carrying amounts of inventories.

(c) Estimated recoverable nickel tonnes and ore reserve tonnes:

The carrying amounts of the Company's mineral properties, plant, and equipment are depleted based on recoverable nickel tonnes and ore reserve tonnes. Changes to estimates of recoverable nickel tonnes, ore reserve tonnes and depletable costs, including changes resulting from revisions to the Company's mine plans and changes in metals prices forecasts, can result in a change to future depletion rates and impairment analysis.

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6. Key sources of estimation uncertainty (continued):

(d) Estimated mine closure and rehabilitation costs:

The Company's provision for mine closure and reclamation cost obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability which reflects estimates of future costs, inflation, movements in foreign exchange rates, and assumption of risks associated with the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Changes to the mine closure and rehabilitation cost obligations are recorded with a corresponding change to the carrying amounts of the related mineral properties, plant, and equipment in the year identified. Adjustments to the carrying amounts of the related mineral properties, plant and equipment can result in a change to the future depletion expense.

(e) Income taxes and tax-related liabilities:

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences, and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates for future taxable income are based on forecasted income from operations and the application of existing tax laws in each jurisdiction. Weight is attached to tax planning opportunities that are within the Company's control, feasible and can be implemented without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates could occur, which may materially affect the amounts of income tax assets recognized.

(f) Share-based compensation:

The Company includes an estimate of forfeitures, share price volatility, expected life of awards, and risk-free interest rates in the calculation of the expense related to certain long-term employee incentive plans. These estimates are based on previous experience and may change throughout the life of an incentive plan. Such changes could impact the share-based compensation expense and share-based payments reserve.

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7. Accounts receivable and prepaid expenses:

	September 30, 2018	December 31, 2017
GST refundable	\$ 19,001	\$ 44,966
Export tax receivable	-	584,365
Other receivables	-	163,040
Allowance for doubtful accounts	-	(111,429)
	\$ 19,001	\$ 680,942

Prior to the sale of the Vietnam assets on July 17, 2018, the Company was in discussion with Vietnam customs departments with regard to a refund request in respect of export taxes. An export tax receivable of \$613,375 as at the end of June 30, 2018 was in dispute, based on the calculation methodology utilized. Additionally, there existed the possibility that the customs branch and department might request the Company adjust the method for determining export tax with respect to all previous shipments of goods that had been made by the Company in a similar manner. In such case, the additional export tax that might have been payable was estimated at \$968,338.

8. Inventories:

	September 30, 2018	December 31, 2017
Consumable materials and supplies	\$ -	\$ 314,234
	\$ -	\$ 314,234

Consumable materials and supplies included plant spares and consumables, and general consumables, which are recorded at net realized value.

9. Mineral Property:

During the 2018 third quarter, the Company entered into an option agreement with Island Time Exploration Limited for the exclusive right to acquire up to 75% interest in four mineral titles totalling 3,687 hectares situated east of Duncan in the Victoria Mining Division, the Holt Option Agreement, whose primary target is volcanogenic, polymetallic massive sulphides, in consideration for a fee of \$100,000, payable by way of a promissory note, and conditional upon incurring up to an aggregate of \$300,000 of exploration and development expenditures on the property of the ensuing 18 months.

10. Short-term loans:

	September 30, 2018	December 31, 2017
Promissory note from Pala	\$ 833,922	\$ -
Promissory note from Island Time	101,032	-
	\$ 934,954	\$ -

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11. Trade payables and accrued liabilities:

	September 30, 2018	December 31, 2017
Trade and other payables	\$ 137,685	\$ 188,416
Royalty tax	-	2,280,997
Environmental protection fee	-	529,788
Value-added tax	-	353,252
Personal income tax	-	3,236,920
Foreign contractor tax	-	1,610,107
Due to related parties (note 21)	1,469,666	1,107,750
	<u>\$ 1,607,351</u>	<u>\$ 9,307,230</u>

In March 2017, the General Department of Taxation (“GDT”) conducted a tax audit at BPNM with regards to various types of taxes including value added tax, personal income tax, royalty tax, environmental protection fee, foreign contractor tax, and corporate income tax for the period from 2010 to 2016. The Company disagreed with a number of positions the GDT was taking with regard to the calculation of various taxes. A brief description of the taxes accrued, prior to the July 17, 2018 sale of BPNM follows. For a more detailed analysis, please review Note 10 of the Company’s Condensed Consolidated Financial Statements for the period ended June 30, 2018.

At June 30, 2018 a Royalty tax of \$2,394,235 had been accrued; however, the Company believed that the basis of calculation of exploited resources did not accurately reflect the actual production figures, resulting in an overstatement of Royalty tax by approximately \$4.6 million. In addition the Company and the GDT disagreed on whether exploited resources should include waste rock and soil, in addition to processed ore, which would increase the volumes subject to royalties.

At June 30, 2018 the Company had accrued \$556,089 in payment for the environmental protection fee ('EPF'). The EPF is applied at a rate based on either (1) actual exploited resources, or (2) for minerals which must be screened, sorted or enriched before sale, based on an estimated quantity of gross ore mined using a ratio for converting the quantity of finished mineral production. The Company historically accrued the EPF based on the first; however, the GDT was of the view that the Company should have used the second method since the mined ore is subject to further processing into concentrate. The Company estimated that the additional potential liability could have been as much as \$1.2 million higher, based on the GDT view.

The Company, through its Vietnam subsidiary paid value added tax (VAT) on the purchase and sale of goods and services at a rate of 5% and 10%. At June 30, 2018 the Company had accrued \$370,789 in VAT payable.

Historically the Company applied remote area allowances for Hanoi-based employees and for staff employed for a period greater than five years who are not eligible for concessional personal income tax (“PIT”) allowances in the declaration and payment of PIT. The Company felt that it was the GDT’s view that expatriates who worked full time in Hanoi and travelled back and forth to the mine site were not subject to non-taxable remote area allowance. At June 30, 2018, the Company had accrued \$3,445,357, in PIT, which included associated potential penalties and interest.

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12. Other current liabilities:

Other current liabilities include the final installment of Ban Phuc mining rights grant fees and installments of environment rehabilitation and afforestation related to the mine.

13. Provision for closure and rehabilitation:

Based on the Environmental Impact Assessment, and the Environment Resettlement and Rehabilitation Program, submitted to the authorities for the Ban Phuc project, the Ministry of Natural Resources and Environment ("MONRE") provided confirmation of the estimate for closure and rehabilitation. As at December 31, 2017 the amount of \$406,904 was provided in the accounts for closure and rehabilitation expenditures, while the Company had deposited with MONRE \$344,057 as an advance deposit for such future costs.

14. Other non-current liabilities:

	September 30, 2018	December 31, 2017
Other	\$ -	\$ 688,544
Coxama loan	-	555,639
	\$ -	\$ 1,244,183

Coxama loan was a long-term liability to Son La Mechanical Engineering Joint Stock Company ("Coxama"), the minority interest in BPNM, for initial capital contributed to the BPNM project. Other non-current liabilities included the statutory redundant allowances, which were paid to national employees of the Ban Phuc project who were deemed redundant by Ban Phuc project in April 2018.

15. Share capital:

(a) Authorized:

The Company's share capital consists of an unlimited number of common shares without par value.

(b) Share consolidation:

On September 7, 2018, the Company consolidated its common shares on the basis of 200 pre-consolidation common shares for 1 post-consolidation common share. Pre-consolidation the Company had outstanding 795,920,841 common shares. Post-consolidation the Company has outstanding 3,979,629 common shares.

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15. Share capital (continued):

(c) Issued and outstanding:

	Number of shares(1)	Amount
Balance, January 1, 2017	3,979,629	\$ 128,732,855
Issued during the year:	-	-
Balance, September 30, 2018	3,979,629	\$ 128,872,855

(1) Post consolidation share balance (note 15(b))

(d) Share-based compensation:

(i) Common shares:

A total of 7,000,000 pre-consolidation common shares (35,000 post-consolidation common shares) of the Corporation were issued in the fourth quarter of 2017 to a senior executive as part of his employment contract. Executive compensation in the amount of \$140,000 has been recorded representing the value of the shares issued.

(ii) Common share options:

The Company grants share purchase options pursuant to the policies of the TSX-Venture Exchange with respect to eligible persons, exercise price, maximum term, vesting, maximum options per person, and termination of eligible person status. The purpose of the share purchase options is to retain and motivate management, staff, consultants, and other qualified individuals by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth.

The Company granted options during the 2017 second quarter to one of its senior employees as follows: i) fifteen million pre-consolidation options exercisable at \$0.05 per share (75,000 post-consolidation options exercisable at \$10); ii) fifteen million pre-consolidation options exercisable at \$0.075 per share (75,000 post-consolidation options exercisable at \$15); and iii) fifteen million pre-consolidation options exercisable at \$0.10 per share (75,000 post-consolidation options exercisable at \$20). The share options have all vested.

The fair value of options granted totaling \$570,500 was estimated using the Black-Scholes Option Pricing model assuming a range of risk-free interest rates averaging 1.85% and a range of expected volatilities of between 50 -107%, an expected dividend rate of nil and an expected life of five years.

During the three months ended September 30, 2018, \$22,840 vesting of share options to directors and employees was recorded as share-based compensation expense (September 30, 2017: \$157,341).

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15. Share capital (continued):

(c) Share-based compensation (continued):

The continuity of outstanding share purchase options for the period ended September 30, 2018, after giving effect to the September 7, 2018 200:1 share consolidation (note 15 (b)), is as follows:

Expiry dates	Exercise prices	Balance December 31, 2017	Granted	Exercised	Expired/cancelled/forfeited	Balance September 30, 2018
August 23, 2018	\$10.00	2,000	-	-	(2,000)	-
October 23, 2018	\$10.00	13,566	-	-	(2,499)	11,067
February 1, 2019	\$16.00	12,683	-	-	(12,683)	-
August 22, 2019	\$10.00	10,000	-	-	(10,000)	-
November 5, 2019	\$10.00	8,704	-	-	(5,000)	3,704
October 2, 2020	\$10.00	35,000	-	-	(35,000)	-
April 5, 2022	\$10.00	75,000	-	-	-	75,000
April 5, 2022	\$15.00	75,000	-	-	-	75,000
April 5, 2022	\$20.00	75,000	-	-	-	75,000
		306,953	-	-	(67,182)	239,771
Weighted average exercise price		\$ 14.00	-	-	-	\$ 14.00
Weighted average remaining life (years)		3.63	-	-	-	3.30

The continuity of outstanding share purchase options for the period ended September 30, 2017, after giving effect to the September 7, 2018 200:1 share consolidation (note 15 (b)), is as follows:

Expiry dates	Exercise prices (1)	Balance December 31, 2016	Granted	Exercised	Expired/cancelled/forfeited	Balance September 30, 2017
July 17, 2017	\$20.00	20,037	-	-	(20,037)	-
November 16, 2017	\$20.00	4,500	-	-	-	4,500
August 23, 2018	\$10.00	2,000	-	-	-	2,000
October 23, 2018	\$10.00	13,566	-	-	-	13,566
February 1, 2019	\$16.00	12,683	-	-	-	12,683
August 22, 2019	\$10.00	10,000	-	-	-	10,000
November 5, 2019	\$10.00	8,704	-	-	-	8,704
October 2, 2020	\$10.00	35,000	-	-	-	35,000
April 5, 2022	\$10.00	-	75,000	-	-	75,000
April 5, 2022	\$15.00	-	75,000	-	-	75,000
April 5, 2022	\$20.00	-	75,000	-	-	75,000
		106,490	225,000	-	(20,037)	311,453
Weighted average exercise price		\$ 14.00	\$16.00	-	\$20.00	\$ 14.00
Weighted average remaining life (years)		2.36	-	-	-	3.83

As at September 30, 2018, 239,771 share purchase options were exercisable (December 31, 2017: 156,954 options). These options have a weighted average exercise price of \$14 (December 31, 2017: \$14).

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15. Share capital (continued):

(e) Loss per share ("EPS"):

The loss per share for previously periods has been restated to include the effect of the 200:1 common share consolidation, effective September 7, 2018. The loss and weighted average number of outstanding shares used in the calculation of basic and diluted loss per share are as follows:

	September 30, 2018	September 30, 2017
Net income (loss) for the 3-month period ended used in the calculation of basic EPS	\$ 20,329,628	\$ (1,556,073)
Weighted average number of outstanding shares for the purpose of basic EPS	3,979,629	3,944,604
Weighted average number of outstanding shares used in the calculation of diluted EPS	3,979,629	3,944,604
Basic loss per share	\$ 5.11	\$ (0.39)
Diluted loss per share	\$ 5.11	\$ (0.39)

	September 30, 2018	September 30, 2017
Net income (loss) for the 9-month period ended used in the calculation of basic EPS	\$ 19,292,182	\$ (3,471,765)
Weighted average number of outstanding shares for the purpose of basic EPS	3,979,629	3,944,604
Weighted average number of outstanding shares used in the calculation of diluted EPS	3,979,629	3,944,604
Basic loss per share	\$ 4.85	\$ (0.88)
Diluted loss per share	\$ 4.85	\$ (0.88)

16. Revenue:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Nickel concentrate sales	\$ -	\$ -	\$ -	\$ 671,159
Export tax	-	-	-	(134,232)
	\$ -	\$ -	\$ -	\$ 536,927

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17. Care and maintenance costs:

	Three months ended Sept 30 2018	Three months ended Sept 30 2017	Nine months ended Sept 30 2018	Nine months ended Sept 30 2017
Site, camp administrative costs	\$ -	\$ 152,300	\$ 73,062	\$ 567,115
Plant costs	-	11,230	66,180	77,266
Mining costs	-	-	-	1,238
Other costs	-	4,490	8,115	45,246
	\$ -	\$ 168,020	\$ 147,357	\$ 690,865

18. General and administrative expenses:

	Three months ended Sept 30 2018	Three months ended Sept 30 2017	Nine months ended Sept 30 2018	Nine months ended Sept 30 2017
Salaries, wages, and benefits	\$ 23,500	\$ 293,119	\$ 570,605	\$ 1,161,013
Professional and regulatory	26,948	124,816	149,035	432,108
Travel	(3,918)	36,046	24,224	89,831
Office, administrative, and share-based compensation	67,747	541,395	277,689	931,060
	\$ 114,277	\$ 995,376	\$ 1,021,553	\$ 2,614,012

19. Finance expense:

	Three months ended Sept 30 2018	Three months ended Sept 30 2017	Nine months ended Sept 30 2018	Nine months ended Sept 30 2017
Foreign contractor tax on interest expense	\$ -	\$ 58,059	\$ 150,147	\$ 178,318
Other	40,704	32,267	(23,054)	136,524
	\$ 40,704	\$ 90,326	\$ 127,093	\$ 314,842

20. Gain on of Vietnam operation:

On July 17, 2018 the Company sold its 90% ownership interest in the Ban Phuc mine to Ta Khoa Mining Limited, a company established by AMR's longstanding in-country senior manager, Mr. Stephen John Ennor. Ta Khoa assumed all existing trade payables, tax, and other creditor liabilities of the Company's subsidiary, Ban Phuc Nickel Mines. AMR retains the right to receive 50% of any sale proceeds in excess of US \$2 million from the sale of the Vietnamese assets completed less than 6 months, and 25% of any sale proceeds in excess of US \$2 million from the sale of the Vietnamese assets completed between 6 and 18 months, after closing of the sale to Ta Khoa.

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20. Gain on disposal of Vietnam operation (continued)

Detail of the assets and liabilities disposed of resulting in the realization of a gain on the deconsolidation of the Vietnam operation is as follows:

	June 30 2018
Cash and cash equivalents	\$ (16,142)
Accounts receivable and prepaid expenses	(641,973)
Stock, materials and supply inventory	(329,690)
Environmental bond	(361,138)
Trade and other payables	92,481
Taxes payable	8,610,536
Other payables	907,139
Provision for closure and rehabilitation	427,104
Other non-current liabilities	583,224
Currency translation reserve	16,958,992
Non-controlling interest	(5,746,107)
Gain on disposal of Vietnam Operations	\$ 20,484,426

21. Related party transactions:

(a) Balances receivable and payable:

The amounts due to related parties and included in accounts payable, are non-interest bearing, unsecured, and due on demand, and comprise the following:

	September 30, 2018	December 31, 2017
Due to directors	\$ 440,695	\$ 364,690
Due to executive officers	141,997	7,119
Due to Pala Investment Limited	866,974	735,941
	\$ 1,469,666	\$ 1,107,750

In addition to the amounts noted above, at September 30, 2018 the Company has a promissory note payable to Pala, as described in note 10.

(b) Balances receivable and payable:

A total of 7,000,000 pre-consolidation (35,000 post-consolidation – see note 15(b)) common shares of the Corporation were issued in the fourth quarter of 2017 to a senior executive as part of his employment contract. Executive compensation in the amount of \$140,000 was recorded representing the value of the shares issued.

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21. Related party transactions (continued):

(c) Key management personnel:

Key management personnel includes the salaries and consulting fees paid and/or accrued to the Company's senior officers and directors as follows:

	Three months ended Sept 30 2018	Three months ended Sept 30 2017	Nine months ended Sept 30 2018	Nine months ended Sept 30 2017
Salary and consulting fees	\$ 23,500	\$ 99,908	\$ 240,928	\$ 426,875
Directors' fees	-	26,831	57,564	108,447
Share-based payments, directors and senior officers	22,840	157,341	109,044	308,853
	\$ 46,340	\$ 284,080	\$ 407,536	\$ 844,175

Share-based payments comprise the grant of share options to directors and employees, and the issuance of common shares to certain directors, in lieu of cash payment for director fees.

(d) Pala Investments Limited:

During 2012, as a result of a series of equity transactions, Pala Investments Limited ("Pala") became a controlling shareholder of the Company. On March 28, 2013, Pala purchased 158,845,081 pre-consolidation (794,225 post-consolidation) common shares of the Company pursuant to the exercise of its basic subscription privilege in full under the Company's rights offering. In addition, Pala purchased 88,762,232 pre-consolidation (443,811 post-consolidation) common shares of the Company pursuant to a standby commitment provided as part of the rights offering. As a result of these transactions, Pala owns and controls, directly or indirectly, 569,813,827 pre-consolidation (2,849,069 post-consolidation) common shares of the Company. Subsequent to quarter-end Pala converted outstanding debt and payables in the amount of \$1,721,006 into 3,442,012 common shares of the Company.

As at September 30, 2018, the Company had accrued \$886,974 payable (December 31, 2017 - \$735,941) to Pala for advisory fees, secondment of personnel, and traveling costs reimbursements during the 2015 through 2018 years and promissory notes and accrued interest payable to Pala in the amount of \$833,922.

22. Segment information:

The Company conducts its business as a single reportable operating segment. Until the sale of BPNM on July 17, 2018, the Company was involved in the exploration and development of mineral properties in Vietnam.

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22. Segment information (continued):

Currently, the Company has an option on an exploration property located in Canada. Geographical information is as follows:

September 30, 2018	Canada	Vietnam	Other	Total
Income (loss) for the period	(154,798)	20,484,426	-	20,329,628
Total assets	138,158	-	-	138,158
September 30, 2017	Canada	Vietnam	Other	Total
Interest income	\$ 1,920	\$ -	\$ -	\$ 1,920
Loss for the period	(664,963)	(845,668)	(45,442)	(1,556,073)
Non-current assets	-	9,597	-	9,597
Total assets	867,324	1,737,525	257,430	2,862,279

23. Supplemental cash flow information:

	Three months ended Sept 30 2018	Three months ended Sept 30 2017	Nine months ended Sept 30 2018	Nine months ended Sept 30 2017
Supplemental information:				
Interest received	\$ 183	\$ 1,920	\$ 1,140	\$ 6,123
	\$ 183	\$ 1,920	\$ 1,140	\$ 6,123

24. Financial risk management:

(a) Credit risk:

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank, its short-term guaranteed investment certificates, accounts receivable, and environmental bond. The majority of the Company's cash balances are held with major Canadian banks and in the view of the Board are considered creditworthy. Until July 17, 2018 when the Company disposed of its investment in BPNM, a portion of funds were held with the Vietnam International Bank, which is 20% owned by the Commonwealth Bank of Australia, which is a creditworthy bank. The Company only deals with reputable financial institutions and regularly assesses international exposure and market risk. The Company has a small investment in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. As at September 30, 2018, the Company had no trade receivables, and other prepaid and receivables, in the amount of \$19,001, are not considered past due.

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24. Financial risk management (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to aid in determining the funds required to support normal operating requirements on an ongoing basis, including its capital development and exploration expenditures. As at September 30, 2018, the Company had cash and cash equivalents of \$19,157 (December 31, 2017 - \$502,367) and accounts payable, accrued liabilities and other current liabilities of \$2,542,305 (December 31, 2017 - \$10,198,160).

(c) Market risk:

The Company's primary market risks include changes in foreign exchange and interest rates on financial instruments in other than Canadian dollars. At September 30, 2018, the Company had no hedging agreements in place with respect to metal prices or exchange rates.

(i) Currency risk:

The Company was exposed to the financial risks related to the fluctuation of foreign exchange rates, prior to its disposition of its investment in BPNM during the 3rd quarter of 2018. After the disposition, the Company only has offices in Canada, while prior to the disposition the Company had offices in Canada and Vietnam and held cash in Canadian, United States, Vietnamese, and Australian currencies in line with forecasted expenditures. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar, Vietnamese dong, and Australian dollar could have had an effect on the Company's results of operations, financial position, or cash flows.

At September 30, 2018, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

	September 30, 2018	December 31, 2017
Cash and cash equivalents	US\$ -	US\$ 174,567
Accounts receivable	-	493,580
Environmental bond	-	274,248
Accounts payable and accrued liabilities	(1,323,851)	(7,749,035)
Other non-current liabilities	-	(991,738)
	US\$ (1,323,851)	US\$ (7,798,378)
Canadian dollar equivalent (period-end)	\$ (1,720,896)	\$ (9,783,437)

A 10% appreciation of the Canadian dollar against the US dollar at September 30, 2018 would decrease net loss by \$156,445 for the period ended September 30, 2018 (December 31, 2017: \$889,403).

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24. Financial risk management (continued):

(c) Market risk (continued):

(i) Currency risk (continued):

At September 30, 2018, the Company is exposed to currency risk through the following assets and liabilities denominated in Vietnamese dong:

		September 30, 2018		December 31, 2017
Cash and cash equivalents	VND	-	VND	583,411,962
	VND	-	VND	583,411,962
Canadian dollar equivalent (period-end)	\$	-	\$	32,087

A 10% appreciation of the Canadian dollar against the Vietnamese dong at September 30, 2018 would result in no change for the period ended September 30, 2018 (December 31, 2017 – increase net income by \$3,209).

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash and cash equivalents attract interest at floating rates and have maturities of 90 days or less. The interest is typical of Canadian banking rates, which are at present historically low; however, the Company's conservative investment strategy mitigates the risk of deterioration to capital invested. A change of 100 basis points in the interest rate would not be material to the consolidated financial statements.

(iii) Commodity price risk:

Nickel, copper, and cobalt prices have historically fluctuated significantly and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand due to speculative hedging activities, and certain other factors. The Company has not engaged in any hedging activities to reduce its exposure to commodity price risk. Revenue from the sale of concentrates is based on prevailing market prices, which is subject to adjustment upon final settlement. For each reporting period until final settlement, estimates of metal prices are used to record sales.

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24. Financial risk management (continued):

(d) Financial assets and liabilities:

As at September 30, 2018, the carrying and fair values of our financial instruments by category are as follows:

	Loans and receivables	Financial liabilities	Fair value	Less than 1 year	1 to 3 years
<u>Financial assets</u>					
Cash and cash equivalents	19,157	-	19,157	19,157	-
Accounts receivable and prepaid expenses	19,001	-	19,001	19,157	-
Total financial assets	38,158	-	38,158	38,158	-
<u>Financial liabilities</u>					
Trade payables and accrued liabilities	-	2,542,305	2,542,305	2,542,305	-
Total financial liabilities	-	2,542,305	2,542,305	2,542,305	-

(e) Fair value:

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 - Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.
- Level 2 - Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full contractual term of the asset or liability.

The Company determines the fair value of provisional sales and the embedded derivative related to its trade receivables based on the quoted forward commodity price obtained from the London Metals Exchange. The embedded derivative related to trade receivables is therefore classified as a Level 2 financial asset.

- Level 3 - Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, other current liabilities approximate their respective fair values due to the short-term nature of these instruments.

The Company has no financial assets or liabilities included in Level 1 or 3 of the fair value hierarchy.

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25. Non-controlling interest:

BPNM was originally owned 70% by the Company, with the remaining 30% owned by the Vietnamese Government, 20% through Mineral Development Company ("Mideco"), an agency of the Ministry of Heavy Industry of Vietnam and 10% through Son La Mechanical Engineering Company, a company owned by the People's Committee of the Province of Son La, which was privatized and renamed Son La Mechanical Engineering Joint Stock Company ("Coxama"). On July 12, 2006, the Company acquired a 20% interest in BPNM from Mideco by paying US\$2,500,000, thereby increasing its ownership interest to 90%. All funding for BPNM to continue exploration, development, and construction of the Ban Phuc project were fully funded by the Company through intercompany loan agreements and a bank term loan. On July 17, 2018, the Company sold its entire interest in BPNM (note 1). Prior to July 17, 2018, the 10% non-controlling interest of Coxama was presented separately in the Company's balance sheet and statement of operations and comprehensive income (loss).

26. Capital management:

The Company manages its capital structure and makes adjustment to it, in order to have the funds available to support its exploration, development, and other activities. The adequacy of the capital structure is assessed on an ongoing basis and adjusted as necessary after taking into consideration the Company's strategy, the metals markets, the mining industry, economic conditions, and the associated risks. The Company utilized a combination of equity and debt financing for the final development funding of the Ban Phuc mine. The Company's capital management approach is reviewed on an ongoing basis. The Company is not subject to externally imposed capital requirements.

27. Contingencies:

The Company has been defending a claim in the courts of Auckland, New Zealand, filed by a former director and a company controlled by the director, disputing a 0.25% gross royalty on the Company's share of smelter proceeds or other sale of product (less royalties), derived from the BPNM joint venture. Subsequent to the balance sheet date due to the Company's limited cash resources, the Company determined not to continue defending the court proceedings and entered into a settlement agreement, whereby the claims were dropped on the issue of 600,000 (post-consolidation) common shares of the Company to the claimant (note 28).

28. Subsequent event:

Subsequent to the quarter end, the Company issued 4,766,808 common shares at a price of \$0.50 per share to extinguish \$2,383,404 of liabilities pursuant to settlement agreements with certain of the Company's creditors.

Additionally the Company entered into agreements with a group of investors pursuant to which such investors advanced the sum of \$360,000 conditional upon, and in anticipation of the completion of a future equity financing. Should the Company fail to complete an equity financing by a date determined by the Company and the investors, the Company will return the full amount of the advance.