



**CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS**

**For the six months ended June 30, 2018**

(Unaudited – Expressed in US dollars)

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**Notice to Reader**

These condensed consolidated interim financial statements of Orsu Metals Corporation have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed consolidated interim financial statements, notes to the financial statements or the related quarterly Management Discussion and Analysis.

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**ORSU METALS CORPORATION**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Unaudited – Expressed in US dollars)

	<i>Note</i>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
<b>ASSETS</b>			
<b>Current</b>			
Cash	4	\$ 3,626,238	\$ 4,976,892
Receivables	5	123,121	139,803
Prepaid expenses		81,385	25,359
		3,830,744	5,142,054
<b>Exploration and evaluation assets</b>	6	3,631,715	3,631,715
<b>Property, plant and equipment</b>	7	76,000	80,000
		\$ 7,538,459	\$ 8,853,769
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Trade and other payables	8	\$ 271,336	\$ 178,401
		271,336	178,401
<b>Shareholders' equity</b>			
Share capital	9	385,854,415	385,807,842
Obligation to issue shares	9	33,750	46,573
Reserves	9	33,538,873	33,538,873
Deficit		(412,321,478)	(410,961,020)
Equity attributable to Orsu shareholders		7,105,560	8,432,268
Non-controlling interest		161,563	243,100
		7,267,123	8,675,368
		\$ 7,538,459	\$ 8,853,769
<b>Nature of operations</b>	1		

These condensed consolidated interim financial statements were approved for issue by the Audit Committee of the Board of Directors on August 22, 2018.

They are signed on the Company's behalf by:

*"Mark Corra"*

Mark Corra, Director

*"Sergei Stefanovich"*

Sergei Stefanovich, Director

# ORSU METALS CORPORATION

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited – Expressed in US dollars)

		Three months ended June 30,		Six months ended June 30,	
	Note	2018	2017	2018	2017
<b>EXPENSES</b>					
Administration		\$ 44,840	\$ 102,734	\$ 66,021	\$ 199,082
Depreciation	7	2,000	-	4,000	3,746
Exploration and evaluation expenditures	6	964,160	-	1,112,309	-
Foreign exchange		32,520	51,375	46,118	51,375
Professional fees		6,195	10,462	16,005	126,373
Project investigation costs	6	-	112,871	-	332,871
Salaries and benefits		99,228	107,459	200,750	269,722
Transfer agent and regulatory fees		14,036	24,141	24,945	59,821
		(1,162,979)	(409,042)	(1,470,148)	(1,042,990)
Gain on amounts received from Equus		-	74,645	-	146,632
Gain on disposal of assets held for sale		-	-	-	11,652
Interest expense		-	(1,696)	-	(1,696)
Interest income		11,663	2,236	28,153	3,740
Interest income from Equus		-	1,559	-	3,189
Loss from assets held for sale		-	(50,816)	-	(91,880)
<b>LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(1,151,316)</b>	<b>(383,114)</b>	<b>(1,441,995)</b>	<b>(971,353)</b>
<b>Loss attributable to Orsu shareholders</b>		<b>\$ (1,069,779)</b>	<b>\$ (383,114)</b>	<b>\$ (1,360,458)</b>	<b>\$ (968,353)</b>
<b>Loss attributable to non-controlling interest shareholders</b>		<b>(81,537)</b>	<b>-</b>	<b>(81,537)</b>	<b>(3,000)</b>
		<b>\$ (1,151,316)</b>	<b>\$ (383,114)</b>	<b>\$ (1,441,995)</b>	<b>\$ (971,353)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.03)</b>	<b>\$ -</b>	<b>\$ (0.04)</b>	<b>\$ -</b>
<b>Weighted average number of common shares outstanding</b>		<b>36,043,427</b>	<b>268,688,745</b>	<b>36,043,427</b>	<b>228,312,819</b>

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

**ORSU METALS CORPORATION**  
**Condensed Consolidated Interim Statements of Cash Flows**  
(Unaudited – Expressed in US dollars)

	<b>Six months ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES:</b>		
Loss for the period	\$ (1,441,995)	\$ (971,353)
Items not affecting cash:		
Depreciation	4,000	3,746
Gain on disposal of assets held for sale	-	(11,652)
Accrued interest expense	-	1,696
Accrued interest income	(6,374)	-
Obligation to issue shares	33,750	30,612
Change in non-cash working capital items:		
Receivables	23,056	44,903
Prepaid expenses	(56,026)	(10,426)
Trade and other payables	92,935	(265,184)
	(1,350,654)	(1,177,658)
<b>INVESTING ACTIVITIES:</b>		
Sergeevskoe acquisition costs, net of cash received	-	32,696
Cash received on disposal of assets held for sale	-	10,000
	-	42,696
<b>FINANCING ACTIVITIES:</b>		
Exercise of options	-	133,419
	-	133,419
<b>DECREASE IN CASH FOR THE PERIOD</b>	(1,350,654)	(1,001,543)
<b>CASH, BEGINNING OF THE PERIOD</b>	4,976,892	2,350,017
<b>CASH, HELD FOR SALE</b>	-	(1,976)
<b>CASH, END OF THE PERIOD</b>	\$ 3,626,238	\$ 1,346,498
<b>Non-cash investing and financing activities</b>		
Obligation to issue shares	\$ 46,573	\$ -
Share issued for acquisition of Sergeevskoe	-	3,041,502
Allocation of reserves on exercise of options	-	56,688
<b>Supplemental cash flow information</b>		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

*The accompanying notes form an integral part of these condensed consolidated interim financial statements*

## ORSU METALS CORPORATION

### Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited – Expressed in US dollars)

	Number of shares	Share capital	Obligation to issue shares	Reserves	Non-controlling interest	Deficit	Shareholders' equity
Balance, December 31, 2016	18,269,605	\$ 382,576,233	\$ -	\$ 34,260,276	\$ (823,000)	\$ (405,635,085)	\$ 10,378,424
Exercise of options	890,000	190,107	-	(56,688)	-	-	133,419
Acquisition of Sergeevskoe	16,559,152	3,041,502	-	-	-	-	3,041,502
Obligation to issue shares	-	-	30,612	-	-	-	30,612
Comprehensive loss for the period	-	-	-	-	(3,000)	(968,353)	(971,353)
Balance, June 30, 2017	35,718,757	\$ 385,807,842	\$ 30,612	\$ 34,203,588	\$ (826,000)	\$ (406,603,438)	\$ 12,612,604

	Number of shares	Share capital	Obligation to issue shares	Reserves	Non-controlling interest	Deficit	Shareholders' equity
Balance, December 31, 2017	35,718,682	\$ 385,807,842	\$ 46,573	\$ 33,538,873	\$ 243,100	\$ (410,961,020)	\$ 8,675,368
Shares issued to settle an obligation to issue shares	354,089	46,573	(46,573)	-	-	-	-
Obligation to issue shares	-	-	33,750	-	-	-	33,750
Comprehensive loss for the period	-	-	-	-	(81,537)	(1,360,458)	(1,441,995)
Balance, June 30, 2018	36,072,771	\$ 385,854,415	\$ 33,750	\$ 33,538,873	\$ 161,563	\$ (412,321,478)	\$ 7,267,123

*The accompanying notes form an integral part of these condensed consolidated interim financial statements*

# **ORSU METALS CORPORATION**

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2018

(Unaudited – Expressed in US dollars)

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### **1. NATURE OF OPERATIONS**

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Orsu Metals Corporation (“Orsu” or the “Company”) is a publicly-traded company incorporated in the British Virgin Islands. The Company’s shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol OSU. The corporate office of the Company is located at Unit 1 - 15782 Marine Drive, White Rock, B.C., Canada, V4B 1E6.

The Company is engaged in the exploration and, if warranted, development of a mineral resource project in eastern Russia. The Company is considered to be in the exploration stage as it has not placed any of its exploration and evaluation assets into production nor has it generated any revenues from operations.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at June 30, 2018, the Company had working capital of \$3,559,408. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned exploration and operations over the next twelve months.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

### **2. BASIS OF PRESENTATION**

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#### **Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

These condensed consolidated interim financial statements do not include all of the disclosures required for annual financial statements, and therefore should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017.

#### **Basis of measurement**

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

#### **Functional and presentation currency**

These condensed consolidated interim financial statements are presented in United States (“US”) dollars, which is the parent company’s functional currency as well as the functional currency of the Company’s subsidiaries.

**ORSU METALS CORPORATION**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2018

(Unaudited – Expressed in US dollars)

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**2. BASIS OF PRESENTATION (continued)**

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**Use of accounting estimates, judgments and assumptions**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

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

Carrying value and recoverability of exploration and evaluation assets

Management has determined that acquisition costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.



**ORSU METALS CORPORATION**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2018

(Unaudited – Expressed in US dollars)

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**2. BASIS OF PRESENTATION (continued)**

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**Use of accounting estimates, judgments and assumptions (continued)**

(ii) Critical accounting judgments

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

Determination of 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. Management has determined that the functional currency of the parent company as well as the functional currency of the Company's subsidiaries is the US dollar.

**3. SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended December 31, 2017.

**Comparative figures**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current period.

**Adoption of new standards, interpretations and amendments**

The Company has adopted IFRS 9, Financial Instruments effective January 1, 2018. The adoption of this new standard did not have a material impact on the Company's consolidated financial statements.

IFRS 9 is a new standard on financial instruments that replaces IAS 39, Financial Instruments: Recognition and Measurement. This standard simplifies the current measurement model for financial instruments under IFRS and establishes two measurement categories for financial assets: amortized cost and fair value. The existing IAS 39 categories of loans and receivables, held to maturity investments, and available for sale financial assets were eliminated.

**ORSU METALS CORPORATION**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2018

(Unaudited – Expressed in US dollars)

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**New standards, interpretations and amendments not yet effective**

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2018 and have not been applied in preparing these condensed consolidated interim financial statements.

Effective for annual periods beginning on or after January 1, 2019:

New standard IFRS 16, Leases

All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. When applying that model, a lessee is required to recognize assets and liabilities. A lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently.

The Company has not early adopted this new standard and this standard is not expected to have a material effect on the consolidated financial statements.

**4. CASH**

	June 30, 2018	December 31, 2017
US dollar denominated deposits held in Canada	\$ 3,261,324	\$ 4,763,901
Canadian dollar denominated deposits held in Canada	94,446	111,421
US dollar denominated deposits held in Russia	-	68,700
Ruble denominated deposits held in Russia	256,639	1,905
US dollar denominated deposits held in Cyprus	1,489	6,604
Euro denominated deposits held in Cyprus	-	39
GBP denominated deposits held in the UK	12,340	24,322
Total	\$ 3,626,238	\$ 4,976,892

**5. RECEIVABLES**

	June 30, 2018	December 31, 2017
Amounts due from the Government of Russia pursuant to value added tax	\$ 110,165	\$ 124,198
Interest receivable	6,374	12,509
Other	6,582	3,096
Total	\$ 123,121	\$ 139,803

**ORSU METALS CORPORATION**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2018

(Unaudited – Expressed in US dollars)

**6. EXPLORATION AND EVALUATION ASSETS**

	<b>Sergeevskoe Project</b>
December 31, 2017	\$ 3,631,715
Additions	-
June 30, 2018	\$ 3,631,715

By November 2017, the Company completed the acquisition of a total 90% interest in the Sergeevskoe gold project located in eastern Russia.

The sellers of the Sergeevskoe project were granted a net smelter return royalty of 0.75% on the Sergeevskoe project, to be capped at \$7,500,000 at which point it will expire. Orsu will carry the Sellers 10% interest until completion of a definitive feasibility study on the Sergeevskoe project, at which point the 10% interest will become a participating interest, subject to dilution.

The Company is responsible for funding 100% of all costs until completion of a definitive feasibility study.

In anticipation of closing the acquisition of the Sergeevskoe project, the Company advanced \$332,871 during the six months ended June 30, 2017 towards exploration work to advance the Sergeevskoe Project. These advances were recorded as project investigation costs on the statement of loss and comprehensive loss.

Exploration and evaluation expenditures included in the loss for the three and six months ended June 30, 2018 and 2017 are as follows:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Drilling and assays	\$ 838,538	\$ -	\$ 913,437	\$ -
Licenses and permits	17,797	-	24,701	-
Personnel, administration and travel	107,825	-	174,171	-
	\$ 964,160	\$ -	\$ 1,112,309	\$ -

**ORSU METALS CORPORATION**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2018

(Unaudited – Expressed in US dollars)

**7. PROPERTY, PLANT AND EQUIPMENT**

	Camp and infrastructure		Total	
<b>Cost</b>				
December 31, 2017	\$	80,000	\$	80,000
Additions		-		-
June 30, 2018	\$	80,000	\$	80,000
<b>Accumulated depreciation</b>				
December 31, 2017	\$	-	\$	-
Depreciation		4,000		4,000
June 30, 2018	\$	4,000	\$	4,000
<b>Carrying amounts</b>				
December 31, 2017	\$	80,000	\$	80,000
June 30, 2018	\$	76,000	\$	76,000

**8. TRADE AND OTHER PAYABLES**

	June 30, 2018		December 31, 2017	
Trade and other payables in BVI	\$	4,065	\$	103,589
Trade and other payables in Cyprus		4,529		19,599
Trade and other payables in Russia		218,391		33,330
Due to related parties		44,351		21,883
Total	\$	271,336	\$	178,401

**ORSU METALS CORPORATION**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2018

(Unaudited – Expressed in US dollars)

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**9. SHARE CAPITAL AND RESERVES**

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**a) Authorized**

The Company is authorized to issue 100,000,000,000 common shares without par value.

**b) Issued and outstanding**

As at June 30, 2018 the Company had 36,072,771 common shares issued and outstanding (December 31, 2017 – 35,718,682). A summary of changes in share capital and reserves is contained on the condensed consolidated interim statements of changes in equity for the six months ended June 30, 2018 and 2017.

On January 15, 2018, the Company issued 354,089 common shares valued at \$46,573 to settle an obligation to issue shares.

**c) Options**

The Company has a rolling stock option plan applicable to directors, employees and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSX-V. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors.

The continuity of stock options for the six months ended June 30, 2018 is as follows:

<b>Expiry date</b>	<b>Exercise price CAD\$</b>	<b>Balance, December 31, 2017</b>	<b>Granted</b>	<b>Exercised</b>	<b>Forfeited</b>	<b>Balance, June 30, 2018</b>
September 2, 2020	\$ 0.20	480,000	-	-	-	480,000
September 21, 2022	\$ 0.13	2,845,000	-	-	-	2,845,000
		3,325,000	-	-	-	3,325,000
<b>Weighted average exercise price - CAD\$</b>		\$ 0.14	\$ -	\$ -	\$ -	\$ 0.14

As at June 30, 2018, all the stock options were exercisable with a weighted average remaining life of 3.93 years.

**d) Obligation to issue shares**

The Company's three non-executive directors are paid an annual fee of \$15,000 per year. As the Company permits, one of the directors has elected to be paid half of his annual fees in cash and the other half in shares, while the other two directors have elected to be paid all of their annual fees in shares. In addition, during the year the Company engaged a consultant at the rate of \$30,000 per year to be paid in shares. All shares to be issued will be subject to approval by the TSX-V and will be priced at the closing price on the last trading day of December each year and issued within 3 business days after that. During the six months ended June 30, 2018, the Company recorded \$33,750 as an obligation to issue shares.

**ORSU METALS CORPORATION**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2018

(Unaudited – Expressed in US dollars)

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**10. RELATED PARTY TRANSACTIONS AND BALANCES**

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**Key management compensation**

Key management includes members of the non-executive Board of Directors, the Executive Chairman, the Managing Director, the Director of Exploration, the Chief Financial Officer and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel, during the three and six months ended June 30, 2018 and 2017 were as follows:

		Three months ended June 30,		Six months ended June 30,	
		2018	2017	2018	2017
Salaries and benefits					
Sergey Kurzin	Director	\$ 18,281	\$ 17,217	\$ 37,501	\$ 54,314
Sergei Stefanovich	Director	17,973	8,275	37,109	8,275
Alexander Yakubchuk	Officer	18,000	18,000	36,000	55,320
Mark Corra	Director	3,750	3,750	7,500	8,647
David Rhodes	Director	3,750	3,750	7,500	8,647
Vladimir Pakhomov	Director	3,750	1,774	7,500	1,774
Doris Meyer & Dan O'Brien *	Officers	29,114	27,797	58,942	56,210
		\$ 94,618	\$ 80,563	\$ 192,052	\$ 193,187

\*Consulting fees are paid to Golden Oak Corporate Services Ltd. (“Golden Oak”), a company owned by Doris Meyer, which provides Doris Meyer’s services as Corporate Secretary and Dan O’Brien’s services as Chief Financial Officer to the Company.

**Amounts due to related parties**

Included in trade and other payables as at June 30, 2018 is \$3,750 (December 31, 2017 - \$Nil) payable to a director of the Company for fees, \$40,105 (December 31, 2017 - \$21,883) payable to the Managing Director of the Company for fees, and \$496 (2017 - \$Nil) related to the reimbursement of expenditures.

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**11. SEGMENTED INFORMATION**

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IFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the Executive Chairman.

The Company operates in a single segment, being mineral exploration and evaluation.

With the exception of the cash disclosed in Note 4, all of the Company’s significant assets are held in Russia as at June 30, 2018.

**ORSU METALS CORPORATION**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2018

(Unaudited – Expressed in US dollars)

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**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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*Financial Instruments*

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); fair value through other comprehensive income (loss) (“FVTOCI”); or at amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

<b>Financial Instrument</b>	<b>Category</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Cash	FVTPL	\$ 3,626,238	\$ 4,976,892
Receivables	Amortized cost	123,121	139,803
Trade and other payables	Amortized cost	271,336	178,401

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values of receivables and trade and other payables approximate their fair values due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. The carrying value value of cash was determined based on Level 1 of the fair value hierarchy.

*Risk Management*

The Company’s risk management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2017.