

BELGRAVIA
CAPITAL INTERNATIONAL

2018

**Consolidated
Financial Statements**

for the year ended December 31, 2018

(Audited – Expressed in CAD dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Belgravia Capital International Inc.

Opinion

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Belgravia Capital International Inc. as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

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



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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

April 24, 2019

BELGRAVIA CAPITAL INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in CAD Dollars)

	December 31, 2018	December 31, 2017
ASSETS		
Current		
Cash	\$ 3,420,159	\$ 1,095,353
Investments - current (note 4)	4,705,201	983,514
Receivables (note 3)	85,833	1,776,403
Prepaid expenses (note 10)	59,525	243,743
	8,270,718	4,099,013
Investments (note 4)	377,414	-
Property, plant and equipment (note 5)	7,031	1,266
	\$ 8,655,163	\$ 4,100,279
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (notes 6,10)	\$ 97,637	\$ 210,325
Deferred revenue	100,000	-
Employment liability (note 7)	-	412,500
Total current liabilities	197,637	622,825
Shareholders' equity		
Share capital (note 8)	106,739,953	97,978,373
Reserves (note 8)	13,310,349	10,058,205
Currency translation adjustment reserve	18,681,269	18,681,269
Deficit	(130,274,045)	(123,240,393)
	8,457,526	3,477,454
	\$ 8,655,163	\$ 4,100,279

Nature of operations and going concern (note 1)

Contingency (note 17)

Subsequent event (note 18)

On behalf of the Board:

"Mehdi Azodi"

Director

"John Stubbs"

Director

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

BELGRAVIA CAPITAL INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in CAD Dollars)

	2018	2017
REVENUES		
Management services revenue (note 3b)	\$ 815,000	\$ -
EXPENSES		
Administration (note 10)	389,949	275,707
Business and market development	157,441	585,666
Consulting fees (note 10)	828,757	292,342
Depreciation (note 5)	2,399	6,384
Fundraising activities	5,000	507,917
Foreign exchange gain (loss)	(160,229)	(17,292)
Investor relations	164,162	282,528
Professional fees	321,822	419,814
Regulatory fees	62,209	90,331
Rent and storage	101,720	63,191
Research costs	256,910	-
Share-based compensation (notes 9,10)	2,903,527	323,577
Travel	80,072	138,841
Wages and benefits (note 10)	1,205,023	1,217,346
Operating loss	(6,318,762)	(4,186,352)
Investment loss (note 4)	(133,647)	-
Unrealized investment gain (loss) (note 4)	(1,484,561)	782,914
Interest income	88,349	4,363
Loss on disposal of equipment	(31)	-
Finance costs (note 11)	-	(874,851)
Gain on deconsolidation of ICP(USA) (note 3)	-	1,498,759
Gain on disposal of ICP(USA) (note 3)	-	3,497,200
Deconsolidation adjustment (note 3)	-	(10,137,668)
Derivative gain (note 9)	-	986,454
Miscellaneous income	-	22,530
Loss for the year	(7,033,652)	(8,406,651)
Other comprehensive income (loss)		
Cumulative translation amount		
reclassified to profit and loss (note 3)	-	10,137,668
Cumulative translation adjustment	-	(24,400)
Comprehensive (loss) income for the year	\$ (7,033,652)	\$ 1,706,617
Basic and diluted loss per common share	\$ (0.02)	\$ (0.04)
Weighted average number of common shares		
outstanding, basic and diluted	403,648,245	227,617,272

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

BELGRAVIA CAPITAL INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in CAD Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (7,033,652)	\$ (8,406,651)
Items not affecting cash:		
Depreciation	2,399	6,384
Deconsolidation adjustment	-	10,137,668
Derivative gain	-	(986,454)
Finance costs	-	874,851
Gain on deconsolidation of ICP(USA)	-	(1,498,759)
Accrued gain on disposal of ICP(USA)	-	(1,748,600)
Share-based compensation	2,903,527	323,577
Unrealized foreign exchange gain	-	(44,466)
Realized loss on sale of investments	133,647	-
Unrealized investments loss (gain)	1,484,561	(782,914)
Loss on disposal of equipment	31	-
Changes in non-cash working capital items:		
Increase in receivables	(65,730)	(14,533)
Decrease (increase) in prepaid expenses	184,218	(103,256)
(Decrease) increase in accounts payable and accrued liabilities	(112,688)	430,400
Increase in deferred revenue	100,000	-
Decrease in employment liability	(412,500)	(287,500)
Net cash used in operating activities	<u>(2,816,187)</u>	<u>(2,100,253)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments	(10,860,019)	(200,600)
Proceeds from sale of investments	5,392,710	-
Property, plant and equipment expenditures	(8,195)	(1,369,284)
Disposal of ICP(USA)	1,756,300	(1,100,665)
Net cash used in investing activities	<u>(3,719,204)</u>	<u>(2,670,549)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of treasury stock for cancellation	(291,167)	-
Proceeds from issuance of common shares	6,699,500	1,588,218
Proceeds from stock options exercise	228,000	-
Proceeds from warrants exercise	2,467,505	143,087
Proceeds from broker warrants exercise	16,800	-
Share issuance costs	(260,441)	(47,044)
Net cash provided by financing activities	<u>8,860,197</u>	<u>1,684,261</u>
Change in cash for the year	<u>2,324,806</u>	<u>(3,086,541)</u>
Cash beginning of year	<u>1,095,353</u>	<u>4,181,894</u>
Cash, end of year	<u>\$ 3,420,159</u>	<u>\$ 1,095,353</u>

Supplemental disclosure with respect to cash flows (note 12)

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

BELGRAVIA CAPITAL INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in CAD Dollars)

	Share Capital					
	Number of Shares	Amount	Reserves	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
Balances as at December 31, 2016	212,823,545	\$ 96,501,516	\$ 9,749,477	\$ 8,568,001	\$(114,833,742)	\$ (14,748)
Shares issued for cash	23,312,141	1,527,140	-	-	-	1,527,140
Option exercised	100,000	9,673	(1,673)	-	-	8,000
Warrants exercised	1,788,571	151,429	-	-	-	151,429
Warrant liability	-	(230,595)	-	-	-	(230,595)
Broker warrants exercised	816,589	69,898	(16,820)	-	-	53,078
Share issuance costs	-	(50,688)	3,644	-	-	(47,044)
Share-based compensation	-	-	323,577	-	-	323,577
Loss and comprehensive income (loss)	-	-	-	10,113,268	(8,406,651)	1,706,617
Balance as at December 31, 2017	238,840,846	97,978,373	10,058,205	18,681,269	(123,240,393)	3,477,454
Shares issued for cash	133,990,000	6,699,500	-	-	-	6,699,500
Shares issued for investments	5,000,000	250,000	-	-	-	250,000
Stock options exercised	2,400,000	333,789	(105,789)	-	-	228,000
Warrants exercised	30,843,810	2,467,505	-	-	-	2,467,505
Broker warrants exercised	280,000	20,445	(3,645)	-	-	16,800
Retired treasury shares	(9,562,140)	(291,167)	-	-	-	(291,167)
Share issuance costs	-	(718,492)	458,051	-	-	(260,441)
Share-based compensation	-	-	2,903,527	-	-	2,903,527
Loss and comprehensive loss	-	-	-	-	(7,033,652)	(7,033,652)
Balances as at December 31, 2018	401,792,516	\$106,739,953	\$13,310,349	\$ 18,681,269	\$(130,274,045)	\$ 8,457,526

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

BELGRAVIA CAPITAL INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Expressed in CAD Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Belgravia Capital International Inc. (“Belgravia” or the “Company”) was incorporated under the Canada Business Corporations Act on November 8, 2002. The Company’s registered office is 82 Richmond Street East, Toronto, ON M5C 1P1. The Consolidated Financial Statements (“Financial Statements”) are comprised of the Company and its subsidiaries.

During the year ended December 31, 2017, the Company disposed of its interest in a wholly-owned subsidiary which was involved in the development of potash-related minerals. The Company is now focusing on merchant banking and providing management services in the resources, technology, and legal cannabis industries, developing healthcare products, as well as pursuing the royalty streams from its previous potash project.

The Company’s continuation as a going concern is dependent on cash flow from its investments, royalties, or operations and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. While the Company currently has no source of operating revenue other than management services consulting fees, its working capital of \$8,073,081 at December 31, 2018 leads management to believe the Company has sufficient capital to fund its business activities and general working capital for at least the next 12 months. The Company’s financial success is dependent on its ability to identify, evaluate, negotiate, and exit investments in assets or businesses. These consolidated financial statements have been prepared by management 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 for the foreseeable future.

The Company is currently exploring alternatives to obtain financing. Such alternatives may involve debt, equity or alternative financing structures and may occur at the public company or subsidiary level.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance:

These Financial Statements have been prepared in accordance with IAS 1 ‘Presentation of Financial Statements’ (“IAS 1”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The Financial Statements were authorized by the audit committee and board of directors of the Company on April 24, 2019.

b) Basis of presentation:

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Foreign currency translation

The consolidated financial statements are presented in CAD dollar. Prior to November 1, 2017, the functional currency of the Company and its subsidiaries was the U.S. dollar. The functional currency of the Company and its subsidiaries changed on a prospective basis from the U.S. dollar to the CAD dollar as management determined that the currency of the primary economic environment in which the entities operate changed due to the sale of its interest in the U.S.-based Ochoa project (note 3c) and due to future anticipated CAD dollar financings, investments and operating expenses.

BELGRAVIA CAPITAL INTERNATIONAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Expressed in CAD Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

c) Foreign currency translation (cont'd...)

Transactions in foreign currencies are translated into the entities functional currency at the exchange rates at the date of the transactions. Monetary assets and liabilities of the Company's operations denominated in a currency other than the functional currency are translated using the exchange rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates in effect at the date of the underlying transaction, except for depreciation related to non-monetary assets, which is translated at historical exchange rates. Exchange differences are recognized in the statements of loss and comprehensive loss in the year in which they occur.

d) Basis of consolidation:

The Consolidated Financial Statements of the Company include the following subsidiaries:

Name of subsidiary	Place of incorporation	Percentage ownership
Intercontinental Potash Corp.	Canada	100%
Trigon Exploration Utah Inc.	USA	100%
Belgravia Dermatology Inc. (formerly ICP Organics Corp.) *	Canada	100%

The Company consolidates the subsidiaries on the basis that it controls these subsidiaries when the Company possesses power over an investee, has exposure to variable returns from the investee, and has the ability to use its power over the investee to affect its returns. The Company deconsolidated the operations of PolyNatura Corp. (formerly International Potash Corp. (USA)) ("ICP(USA)") in fiscal 2017 (note 3c). All intercompany transactions and balances are eliminated on consolidation.

* Belgravia Dermatology Inc. was dissolved subsequent to year-end.

e) Cash:

Cash is comprised of cash deposited at Canadian banks and secure, short-term, highly liquid demand deposits.

f) Investments:

All investments except investments in debt instruments are classified upon initial recognition at fair value through profit or loss ("FVTPL"), with changes in fair value reported in profit or loss. Purchases and sales of investments are recognized on the settlement date. Investments at FVPTL are initially recognized at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income (loss). Investments in debt instruments are initially measured at fair value then subsequently measured at amortized cost using the effective interest rate method.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the FVTPL investments are recognized in profit or loss.

Investments in common shares of public companies are measured at fair value based on published market prices with unrealized gains and losses recognized through profit or loss. The valuation of these shares has been determined in whole by reference to the close price of the shares on the TSX, TSX Venture Exchange or Canadian Securities Exchange ("CSE") at each reporting date. Various warrants have been received as attachments to share purchase units and do not trade in an active market. At the time of purchase, the per unit cost is allocated to common shares and warrants using the residual value method. The value of the warrants is subsequently determined at the measurement date using the Black-Scholes option pricing model.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

f) **Investments** (cont'd...)

All privately-held investments are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted with unrealized gains and losses recognized through profit or loss.

g) **Property, plant, and equipment:**

Property, plant, and equipment ("PPE") is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use including associated borrowing costs and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Carrying amounts of PPE are depreciated to their estimated residual value over the estimated useful lives of the assets. Where an item of PPE is composed of major components with different useful lives, the components are accounted for as separate items of PPE.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Depreciation is provided using the units of production or the declining balance basis at the following annual rates:

Furniture and fixtures	20% declining balance
Computer equipment	45% declining balance
Other equipment	20% declining balance
Vehicles	30% declining balance
Mining assets	unit of production

The Company conducts an annual assessment of the residual values, useful lives and depreciation methods being used for PPE and any impairment arising from the assessment is recognized in profit or loss.

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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

h) Impairment:

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

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

i) Decommissioning, restoration and similar liabilities ("decommissioning liabilities"):

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the decommissioning of exploration and evaluation assets and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a decommissioning liability is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with decommissioning as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these decommissioning liability costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time and changes in the estimated future cash flows underlying any initial estimates.

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss. The decommissioning liabilities of ICP(USA) are no longer reflected in the notes to these Financial Statements as a result of deconsolidating the operations of ICP(USA) (note 3c).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

j) Related party transactions:

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

k) Revenue recognition:

Management services revenue is recognized when services are rendered, and the amount can be reasonably estimated and collected. Any amount received for future services is recorded as deferred revenue and recognized as revenue when the related services are performed.

l) Research and development costs:

Research costs are expensed as incurred. The Company has not capitalized development expenditures to date. An intangible asset may be recognized in future periods if the Company can demonstrate:

- i. the technical feasibility of completing the intangible asset so it will be available for use or resale;
- ii. its intention to complete and its ability to use or sell the asset;
- iii. how the asset will generate future economic benefits;
- iv. the availability of resources to complete the asset; and
- v. the ability to measure reliably of the expenditure during development.

Capitalized development costs will be amortized over the expected life of the related products. The Company was researching dermatological products in its subsidiary Belgravia Dermatology Inc. This subsidiary was dissolved subsequent to year end.

m) Significant accounting estimates and judgments:

The preparation of these Financial Statements requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Assessment of control and significant influence

Classification of investments requires judgment on whether the Company controls, has joint control or significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of control or influence that the Company has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in shareholder agreements. If an investor holds 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

m) Significant accounting estimates and judgments (cont'd...)

In March 2017, the Company's representation in the board of ICP(USA) was reduced to a minority position and the Company could no longer control the financial and operational decisions of ICP(USA). The Company's judgment was that it had lost control over ICP(USA) but retained significant influence and therefore equity accounting became appropriate. Accordingly, the Company deconsolidated ICP(USA) in March 2017 and classified its investments in ICP(USA) as an equity investment (note 3c).

In October 2017, the Company sold its interest in ICP(USA) back to ICP(USA).

Functional currency

Subsequent to the disposal of ICP(USA), the main business activities of the Company are in Canada and are funded primarily by the CAD dollar. Therefore, the Company determined that the Canadian dollar is the functional currency. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Fair value of private company investments

Where the fair values of investments in private companies recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair value and this value may not be indicative of recoverable value.

Valuation of share-based payments and derivative financial assets

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and derivative financial assets (e.g. investments in warrants). Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

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 of future taxable income are based on forecasted cash flows 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 and are feasible and implementable 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 can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting year, the Company reassesses unrecognized income tax assets.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

n) Investments in associated companies:

The Company accounts for its investment in the affiliated company over which it had significant influence on the equity basis of accounting, whereby the investment was initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received.

o) Share capital:

Common shares are classified as share capital. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

p) Warrants issued in equity financing transactions:

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves.

Warrants that are issued as payment for agency fees or other transaction costs are assigned a value based on the Black-Scholes pricing model and included in reserves. When warrants are exercised, any reserves related to those warrants are reclassified from reserves to share capital.

q) Share-based compensation:

The Company's stock option plan allows eligible Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. 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. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

r) Loss per share:

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

s) Income taxes:

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income 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 measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on 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. 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 at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

t) New standards, amendments and interpretations:

Effective January 1, 2018

IFRS 9 – Financial Instruments: Classification and Measurement:

Effective January 1, 2018, the Company adopted IFRS 9 retrospectively. Prior periods were not restated, and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement.

New accounting policy for financial instruments under IFRS 9

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI.

The classification determines the method by which the financial assets are carried on the statement of financial positions subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in the consolidated statement of loss and comprehensive loss. Cash and investments in equity instruments are measured at FVTPL with subsequent changes recognized in the consolidated statement of loss and comprehensive loss. Investments in debt instruments are classified and measured at amortized cost using the effective interest rate method.

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as amortized cost and carried on the statement of financial position at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

t) **New standards, amendments and interpretations (cont'd...)**

Impairment and uncollectibility of financial assets

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in the statement of loss and comprehensive loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through the consolidated statement of loss and comprehensive loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Impact of change in accounting policy

The Company has assessed the classification and measurement of its financial assets and financial liabilities under IFRS 9 and have summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 in the following table:

	Measurement Category	
	Original (IAS 39)	New (IFRS 9)
Financial assets:		
Cash	FVTPL	FVTPL
Investments in equity instruments	FVTPL	FVTPL
Investments in debt instrument	N/A	Amortized cost
Receivables	Loans and receivables	Amortized cost
Financial liabilities:		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

There has been no change in the carrying value of the Company's financial instruments or to previously reported figures as a result of the adoption of IFRS 9.

IFRS 15 - Revenue from Contracts with Customers. IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of IFRS 15 did not have an impact on the Company's consolidated financial statements.

Effective January 1, 2019

IFRS 16 – Leases. IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. This standard will be adopted in the Company's financial statements for the period beginning January 1, 2019 and management does not anticipate any significant impact on the Company's Financial Statements upon adoption.

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3. RECEIVABLES

Receivables are comprised of:

	December 31, 2018	December 31, 2017
GST receivable ^(a)	\$ 22,833	\$ 17,244
Management services fees receivable ^(b)	\$ 63,000	-
Due from ICP(USA) ^(c)	-	\$1,756,300
Miscellaneous receivables	-	\$ 2,859
Total	\$ 85,833	\$1,776,403

- The Company had GST receivable of \$22,833 at December 31, 2018.
- The Company provides management services to several companies in which the Company has invested. Pursuant to management services agreements, the Company was owed \$63,000 at December 31, 2018.
- ICP(USA)

On March 16, 2017, the Company determined it no longer had the power to govern the financial and operating policies of its subsidiary ICP(USA). As a result, the Company ceased to consolidate the assets, liabilities and results of operations of ICP(USA) on that date and began recognizing its investment retained in ICP(USA) as an investment in an associated company accounted for under the equity method. The net assets and liabilities that were deconsolidated on loss of control of ICP(USA), based on March 16, 2017 balances, were:

	USD	CAD
Current assets	\$ 842,462	\$ 1,114,409
Non-current assets	20,890,813	28,015,317
Current liabilities	(1,733,891)	(2,293,591)
Non-current liabilities	(21,112,639)	(28,334,895)
Net liabilities of former subsidiary	(1,113,255)	(1,498,760)
Investment in associate	1	1
Gain on deconsolidation	\$ (1,113,254)	\$(1,498,759)

The Company also reclassified \$10,137,668 of cumulative translation amount from accumulated other comprehensive income to profit or loss. At the shareholder meeting on October 12, 2017, shareholders of the Company approved the special resolution authorizing the sale all of its common shares of ICP(USA) back to ICP(USA) in return for up to USD\$15 million. The sale was completed in October 2017. The first payment of \$1,748,600 (US\$1.4 million) was received by the Company in October 2017. The second payment of \$1,756,300 (US\$1.4 million) was receivable at December 31, 2017 (received in January 2018). The Company will also receive a water royalty equal to 75% of revenue from the sale of water or water rights from the Ochoa property up to a maximum of US\$12.2 million. If ICP(USA) has not paid the Company the full amount by December 31, 2020, then ICP(USA) will also pay the Company a 1% royalty on production from the Ochoa property for the shortfall.

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4. INVESTMENTS

The Company's investments include common shares and warrants of Canadian companies that are listed on various Canadian stock exchanges and investments in private Canadian and U.S. companies as well as certain investment funds, such as money market funds and bond funds, held through Canadian investment dealers and debt instruments. The fair values of the common shares of the publicly-traded companies have been directly referenced to published price quotations in an active market. The fair value of investments in private companies is referenced to the most recent equity financing completed by each private company. The investments in unlisted warrants of companies that are publicly-traded are valued using the Black-Scholes option pricing model, with the following weighted average assumptions:

	Year ended December 31, 2018	Year ended December 31, 2017
Risk-free interest rate	1.85%	1.66%
Expected life of warrants	1.41 years	1.87 years
Annualized volatility	170.11%	212.35%
Dividend rate	0.00%	0.00%

As at December 31, 2018, fair value of the investments was \$5,082,615 (2017 - \$983,514). This includes the value of equity investments of \$4,256,460 (2017 - \$588,796), debt instruments of \$325,000 (2017 - \$nil), and value of warrants of \$501,155 (2017 - \$394,718).

During the year ended December 31, 2018, the Company recorded an unrealized loss of \$1,481,886 (2017 – unrealized gain of \$388,196) for equity investments and an unrealized loss of \$2,675 (2017 – unrealized gain \$394,718) for warrants.

During the year ended December 31, 2018, the Company sold certain of its investments for proceeds totalling \$5,392,710 (2017 - \$nil) and recognized a loss of \$133,647 (2017 - \$nil).

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4. INVESTMENTS (cont'd...)

Investments at December 31, 2018	Number of Shares	Cost	Fair Value
Public Companies:			
Blackrock Gold Corp.	8,280,000	\$ 678,000	\$ 331,200
C21 Investment Inc.	182,000	\$ 230,770	\$ 141,960
Captor Capital Corp.	50,000	\$ 200,000	\$ 62,500
Engagement Labs	2,000,000	\$ 100,575	\$ 80,000
Halo Labs Inc.	322,580	\$ 129,032	\$ 103,226
IMEX Systems Inc.	1,428,571	\$ 100,000	\$ 42,857
Khiron Life Sciences Corp.	4,000	\$ 1,000	\$ 6,120
Magna Terra Minerals Inc.	500,000	\$ 25,000	\$ 15,000
Maritime Resources Corp.	2,554,545	\$ 250,909	\$ 229,909
Nexus Gold Corp.	1,150,000	\$ 212,500	\$ 120,750
Parcel Technology Inc.	200,000	\$ 64,730	\$ 47,000
Planet 13 Holdings Inc.	248,100	\$ 318,480	\$ 369,669
Plus Products Inc.	83,333	\$ 126,575	\$ 374,999
Tartisan Nickel Corp.	7,624,000	\$ 807,177	\$ 381,200
ThreeD Capital Inc.	600,000	\$ 60,000	\$ 51,000
Vital Hub Corp.	590,000	\$ 73,350	\$ 85,550
Zonetail Inc.	4,749,999	\$ 902,600	\$ 237,500
Private Companies:			
Coinstrike Inc.	2,000,000	\$ 200,000	\$ 200,000
R&D Pharma Corp.	4,390,169	\$ 750,000	\$ 373,164
Reciprocity Corp	779,590	\$ 218,000	\$ 272,857
Uni-Scan Global Inc.	500,000	\$ 60,000	\$ 60,000
GPCR Pharmaceuticals	2,680,000	\$ 131,000	\$ 670,000
Investments in Bridge Loan	n/a	\$ 325,000	\$ 325,000
Investments in Warrants	n/a	\$ 109,090	\$ 501,155
Total	40,916,887	\$ 6,073,788	\$ 5,082,615

	December 31, 2018	December 31, 2017
Current investments	\$ 4,705,201	\$ 983,514
Non-current investments	377,414	-
	\$ 5,082,615	\$ 983,514

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4. INVESTMENTS (cont'd...)

Investments at December 31, 2017	Number of Shares	Cost	Fair Value
Public Companies:			
Magna Terra Minerals Inc.	500,000	\$ 25,000	\$ 27,500
BlockPlay Entertainment Inc.	2,110,534	\$ 100,000	\$ 379,896
Vital Hub Corp.	440,000	\$ 50,600	\$ 81,400
Private Companies:			
Khiron Life Sciences Corp.	100,000	\$ 25,000	\$ 100,000
Investments in Warrants	n/a	\$ -	\$ 394,718
Total	3,150,534	\$ 200,600	\$ 983,514

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

Cost	Development Project - Ochoa Property	Furniture and fixtures	Computer equipment	Other equipment	Vehicles	Total
As at December 31, 2016	\$ 26,495,499	\$ 9,185	\$ 141,580	\$ 43,222	\$ 138,827	\$ 26,828,313
Additions	1,361,075	-	8,209	-	-	1,369,284
<u>Deconsolidation (note 3c)</u>	<u>(27,856,574)</u>	<u>(9,185)</u>	<u>(145,120)</u>	<u>(43,222)</u>	<u>(138,827)</u>	<u>(28,192,928)</u>
As at December 31, 2017	-	-	4,669	-	-	4,669
Additions	-	-	8,195	-	-	8,195
Disposals	-	-	(2,045)	-	-	(2,045)
As at December 31, 2018	\$ -	\$ -	\$ 10,819	\$ -	\$ -	\$ 10,819
Depreciation						
As at December 31, 2016	\$ -	\$ 5,898	\$ 114,696	\$ 33,571	\$ 121,224	\$ 275,389
Additions	-	344	616	3,689	1,735	6,384
<u>Deconsolidation (note 3c)</u>	<u>-</u>	<u>(6,242)</u>	<u>(111,909)</u>	<u>(37,260)</u>	<u>(122,959)</u>	<u>(278,370)</u>
As at December 31, 2017	-	-	3,403	-	-	3,403
Additions	-	-	2,399	-	-	2,399
Disposal	-	-	(2,014)	-	-	(2,014)
As at December 31, 2018	\$ -	\$ -	\$ 3,788	\$ -	\$ -	\$ 3,788
Net book value:						
As at December 31, 2017	\$ -	\$ -	\$ 1,266	\$ -	\$ -	\$ 1,266
As at December 31, 2018	\$ -	\$ -	\$ 7,031	\$ -	\$ -	\$ 7,031

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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2018	December 31, 2017
Trade payables	\$ 48,940	\$ 38,730
Accrued liabilities	40,500	138,000
Other	8,197	33,595
Total	\$ 97,637	\$ 210,325

7. EMPLOYMENT LIABILITY

In July 2015, the Company signed a Termination and Settlement Agreement that included a severance payment to be paid to the former President and Chief Executive Officer. The full amount of the severance of \$2,100,000 was expensed during the year ended December 31, 2015. Final payment was made in January 2018 and as at December 31, 2018, the balance of employment liability is \$nil (2017 - \$412,500).

8. SHARE CAPITAL AND RESERVES

Common shares

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

Refer to the Consolidated Statements of Changes in Shareholders' Equity for a summary of changes in share capital and reserves for the year ended December 31, 2018. Reserves relate to stock options and warrants that have been issued by the Company (note 9).

During the year ended December 31, 2018, the Company issued the following common shares:

- On January 10, 2018, the Company issued 133,990,000 units pursuant to a private placement at \$0.05 per unit for gross proceeds of \$6,699,500. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company for \$0.06 per share until May 10, 2019. The expiration of all warrants will be accelerated to 30 days if the share price reaches or exceeds \$0.08 for ten consecutive trading days ("Acceleration Trigger"), with such 30-day period starting seven-day after the Acceleration Trigger. The Company issued 3,649,200 finder's warrants entitling the holder to acquire one Common Share for a period of 12 months at an exercise price equal to \$0.19 (note 9).
- The Company issued 2,400,000 shares at an average price of \$0.095 for gross proceeds of \$228,000 pursuant to the exercise of stock options (note 9).
- The Company issued 30,843,810 shares at \$0.08 for gross proceeds of \$2,467,505 pursuant to the exercise of warrants (note 9).
- The Company issued 280,000 shares at \$0.06 for gross proceeds of \$16,800 pursuant to the exercise of broker warrants (note 9).
- On May 24, 2018, the Company issued 5,000,000 shares with a value of \$250,000 as consideration to acquire investments (note 4).
- On October 19, 2018, the Company adopted a Normal Course Issuer Bid ("NCIB") whereby the Company may repurchase for cancellation up to 20,567,733 of its issued and outstanding common shares. The NCIB expired October 19, 2019. On October 24, 2018, the Company repurchased and cancelled 9,562,140 of its common shares for \$291,167 cash consideration.

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8. SHARE CAPITAL AND RESERVES (cont'd...)

During the year ended December 31, 2017 the Company issued the following common shares:

- On January 24, 2017, the Company issued 200,000 shares at \$0.08 for gross proceeds of \$16,000 pursuant to the exercise of warrants (note 9).
- On March 1, 2017, the Company issued 6,573,333 units pursuant to a non-brokered offering at \$0.105 per unit for gross proceeds of \$690,200. Each unit consisted of one common share of the Company and one-half common share purchase warrant. Each whole warrant entitled the holder to acquire one common share of the Company for \$0.16 per share until March 1, 2018. In November 2017, the exercise price of these warrants was amended to be \$0.08 per share.
- On April 5, 2017, the Company issued 31,500 shares at \$0.065 for gross proceeds of \$2,048 pursuant to the exercise of broker warrants (note 9).
- On May 2, 2017, the Company issued 785,089 shares at \$0.065 for gross proceeds of \$51,031 pursuant to the exercise of broker warrants (note 9).
- On June 27 and June 28, 2017, the Company issued an aggregate of 16,738,808 units pursuant to a non-brokered offering at \$0.05 per unit for gross proceeds of \$836,940. Each unit consisted of one common share of the Company and one common share purchase warrant. Each whole warrant entitled the holder to acquire one common share of the Company for \$0.08 per share until June 27 and June 28, 2018. The Company issued 280,000 broker warrants entitling the broker to acquire one common share for a period of 12 months at an exercise price equal to \$0.06 per share with a fair value of \$3,644.
- On December 11, 2017, the Company issued 100,000 shares at \$0.08 for gross proceeds of \$8,000 pursuant to the exercise of stock options (note 9).
- On December 12, 2017, the Company issued 1,488,571 shares at \$0.08 for gross proceeds of \$119,088 pursuant to the exercise of warrants (note 9).
- On December 27, 2017, the Company issued 100,000 shares at \$0.08 for gross proceeds of \$8,000 pursuant to the exercise of warrants (note 9).

Convertible preferred shares

ICP(USA) had issued convertible Series A and B preferred shares which accrued annual dividends of 15% and 12%, respectively. Since the preferred shares contained a contractual obligation whereby ICP(USA) could be required to repay the preferred shares, they were considered a financial liability. During 2017 and up to the deconsolidation of ICP(USA) (note 3c), the Company recorded amortized issuance costs of \$68,492 and accrued dividends of \$678,861.

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9. STOCK OPTIONS AND WARRANTS

Stock options

The Company has an incentive stock option plan (the “Plan”) whereby the Company may grant stock options to eligible employees, officers, directors and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value at time of issue less any discount allowed by the stock exchange upon which the common shares are listed. The Plan provides for the issuance of up to 10% of the Company’s issued common shares as at the date of grant with each stock option having a maximum term of ten years. The board of directors has the exclusive power over the granting of options and their vesting and cancellation provisions.

As at December 31, 2018, the Company had stock options outstanding, enabling the holders to acquire the following number of common shares:

Number of Options	Exercise Price	Average Contractual Life Remaining (years)	Expiry Date
250,000	\$ 0.12	0.87	November 14, 2019
500,000	0.10	0.90	November 24, 2019
350,000	0.10	1.12	February 14, 2020
200,000	0.10	1.17	March 1, 2020
9,900,000	0.18	2.03	January 10, 2021
1,000,000	0.18	2.05	January 16, 2021
250,000	0.14	2.07	January 23, 2021
250,000	0.14	2.08	January 30, 2021
100,000	0.13	2.11	February 9, 2021
1,250,000	0.08	2.29	April 16, 2021
250,000	0.08	2.33	April 30, 2021
9,100,000	0.08	2.43	June 6, 2021
300,000	0.08	2.53	July 12, 2021
3,900,000	0.10	3.13	February 14, 2022
7,400,000	0.14	4.07	January 23, 2023
4,000,000	0.08	4.29	April 16, 2023
39,000,000	(*)		

* 36,500,000 stock options are cancelled subsequent to year-end (Note 18)

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9. **STOCK OPTIONS AND WARRANTS (cont'd...)**

Stock options (cont'd...)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding December 31, 2016	11,780,000	\$ 0.08
Cancelled/expired	(530,000)	0.12
Exercised	(100,000)	0.08
Granted	<u>6,250,000</u>	0.10
Outstanding December 31, 2017	17,400,000	0.09
Cancelled/expired	(400,000)	0.09
Exercised	(2,400,000)	0.10
Granted	<u>24,400,000</u>	0.14
Outstanding December 31, 2018	<u>39,000,000</u>	<u>\$ 0.12</u>
Number of options exercisable at December 31, 2018	<u>39,000,000</u>	<u>\$ 0.12</u>

During the year ended December 31, 2018 the Company granted 24,400,000 (Dec. 31, 2017 – 6,250,000) stock options to consultants, officers, employees and directors of the Company. All options vested at the grant date.

The fair value of the options granted during the year ended December 31, 2018, as determined by the Black-Scholes option pricing model, was \$2,903,527 (2017 - \$323,577) or \$0.12 per option (2017 - \$0.05).

Share-based compensation recognized during the year was \$2,903,527 (2017 - \$323,577).

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended December 31, 2018:

	Year ended December 31, 2018	Year ended December 31, 2017
Risk-free interest rate	1.93%	1.07%
Expected life of options	3.34 years	3.57 years
Annualized volatility	149.44%	66.92%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

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9. STOCK OPTIONS AND WARRANTS (cont'd...)

Warrants

As at December 31, 2018, the Company had warrants outstanding, enabling the holders to acquire the following number of common shares:

Number of Warrants	Exercise Price	Average Contractual Life Remaining	Expiry Date
133,990,000	0.06	0.36 years	May 10, 2019
133,990,000			

On October 17, 2018, the Company modified the terms of 133,990,000 share purchase warrants set to expire January 10, 2019. The date of expiration has been extended to May 10, 2019 and the exercise price has been reduced from \$0.18 to \$0.06.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2016	40,708,891	\$ 0.10
Issued on March 1, 2017	3,286,666	0.16
Issued on June 27, 2017	12,360,000	0.08
Issued on June 28, 2017	4,378,808	0.08
Exercised	(1,788,571)	0.08
Expired	(23,558,891)	0.09
Amended (old) expiry date in May 2017	(13,298,891)	0.08
Amended (new) expiry date in May 2017	13,298,891	0.08
Amended (old) price and expiry date in December 2017	(16,950,000)	0.11
Amended (new) price and expiry date in December 2017	16,950,000	0.08
Amended (old) exercise price in December 2017	(3,286,666)	0.16
Amended (new) exercise price in December 2017	<u>3,286,666</u>	0.08
Outstanding December 31, 2017	35,386,903	0.08
Issued on January 10, 2018 (note 8)	133,990,000	0.18
Exercised	(30,843,810)	0.08
Expired on March 1, 2018	(164,285)	0.08
Expired on June 28, 2018	(4,378,808)	0.08
Amended (old) exercise price in October 2018	(133,990,000)	0.18
Amended (new) exercise price in October 2018	<u>133,990,000</u>	0.06
Outstanding December 31, 2018	133,990,000	\$ 0.06
Number of warrants exercisable as at December 31, 2018	133,990,000	\$ 0.06

Prior to November 1, 2017, the warrants were considered a derivative liability since the obligation to issue shares was not fixed in the Company's functional currency. The derivative warrant liability was measured at fair value at issuance with subsequent changes recognized in the statement of loss and comprehensive loss. A \$986,454 warrant derivative gain was recorded in the statement of loss and comprehensive loss up until October 31, 2017 when the Company changed its functional currency. After November 1, 2017, the Company's functional currency is the same with the warrant currency, and therefore the Company does not have a warrant liability.

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9. STOCK OPTIONS AND WARRANTS (cont'd...)

Broker warrants

As at December 31, 2018, the Company had broker warrants outstanding, enabling the holders to acquire the following number of common shares:

Number of Warrants	Exercise Price	Average Contractual Life Remaining	Expiry Date
3,649,200	\$ 0.19	0.03 years	January 10, 2019
3,649,200		0.03 years	

Broker warrants transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2016	1,926,478	\$ 0.09
Issued June 27, 2017	280,000	0.06
Exercised	(816,589)	0.065
Expired	(1,109,889)	0.11
Outstanding as at December 31, 2017	280,000	0.06
Issued January 10, 2018	3,649,200	0.19
Exercised	(280,000)	0.06
Outstanding as at December 31, 2018	3,649,200	\$ 0.19

The fair value of the broker warrants granted, as determined by the Black-Scholes option pricing model, was \$458,050 (2017 - \$3,644) or \$0.13 per broker warrant (2017 - \$0.01)

The following weighted-average assumptions were used for the Black-Scholes valuation of broker warrants granted during the years ended December 31:

	2018	2017
Risk free rate	1.73%	0.97%
Expected life of broker warrants	1 year	1 year
Annualized volatility	208.50%	81.78%
Dividend rate	0.00%	0.00%

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10. RELATED PARTY TRANSACTIONS AND BALANCES

The accounts payable and accrued liabilities of the Company include the following amounts due to related parties:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Key management personnel	\$ nil	\$ 83,370
	<u>\$ nil</u>	<u>\$ 83,370</u>

Included in prepaid expenses are the following amounts advanced to related parties:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Key management personnel	\$ nil	\$ 106,749
	<u>\$ nil</u>	<u>\$ 106,749</u>

Key management personnel compensation (consisting of senior officers and directors of the Company):

	<u>Year ended</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Short-term benefits *	\$ 787,667	\$ 661,011
Consulting fees	-	115,754
Directors' fees **	291,750	147,250
Share-based compensation	1,952,868	273,932
Total remuneration	<u>\$ 3,032,285</u>	<u>\$ 1,197,947</u>

* Amounts are included within wages and benefits on the statement of loss and comprehensive loss.

** Amounts are included within administration on the statement of loss and comprehensive loss.

11. FINANCE COSTS

During the year ended December 31, 2017, the Company incurred the following finance expenses:

	<u>December 31, 2017</u>
Amortization of issuance costs - preferred shares (note 8)	\$ 68,492
Accrued dividends payable on preferred shares (note 8)	678,861
Amortization of issuance costs - secured notes	46,590
Accrued interests on the secured notes	74,753
Accretion on decommissioning liabilities	6,155
	<u>\$ 874,851</u>

ICP(USA) had issued secured notes bearing interest at 11% per annum. During 2017 and up to the deconsolidation of ICP(USA) (note 3c), the Company recorded amortized issuance costs of \$46,590 and accrued interest of \$74,753.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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Supplemental disclosure with respect to cash flows			
Year ended December 31		2018	2017
Broker warrants issued as finders' fees	\$	458,051	\$ 3,644
Reversal of reserves upon exercise of broker warrants	\$	3,645	\$ 16,820
Reversal of reserves upon exercise of stock options	\$	105,789	\$ 1,673
Reversal of warrant liability upon exercise	\$	-	\$ 8,341
Shares issued for investments	\$	250,000	\$ -
Warrant liability	\$	-	\$ 230,595

13. SEGMENTED INFORMATION

The Company has one operating segment focused on merchant banking as well as providing management services and pursuing the royalty streams from its previous potash project. All of the Company's capital assets are located in Canada.

14. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to invest to earn a risk-appropriate return for shareholders. The Company does not have any externally imposed capital requirements to which it is subject. The capital of the Company consists of items in shareholders' equity. The Company had no bank indebtedness at December 31, 2018. The Board of Directors do not establish quantitative return on capital criteria for management, but rather rely on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in available funds, economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, borrow money, or dispose of assets to adjust the amount of cash.

The Company's investment policy is to invest its cash necessary to fund operations for the next 12 months in demand investment instruments in high credit quality financial institutions to provide liquidity over the expected time of expenditures from continuing operations. The Company also invests some of its excess cash in common shares and other securities of private and public companies.

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

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

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Financial instruments (cont'd...)

The Company's financial instruments include cash, investments, receivables, accounts payable and accrued liabilities and employment liability.

The carrying values of receivables, accounts payable and accrued liabilities and employment liability approximate fair value because of the short-term nature of these instruments.

As at December 31, 2018, the Company's classification of financial instruments measured at fair value within the fair value hierarchy are summarized below:

	Level 1	Level 2	Level 3	Total
Cash	\$ 3,420,159	\$ -	\$ -	\$ 3,420,159
Equity investments	2,680,439	-	2,077,176	4,757,615
	\$ 6,100,598	\$ -	\$ 2,077,176	\$ 8,177,774

As at December 31, 2017, the Company's classification of financial instruments within the fair value hierarchy are summarized below:

	Level 1	Level 2	Level 3	Total
Cash	\$ 1,095,353	\$ -	\$ -	\$ 1,095,353
Investments	488,796	-	494,718	983,514
	\$ 1,584,149	\$ -	\$ 494,718	\$ 2,078,867

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash is held at reputable financial institutions, from which management believes the risk of loss to be remote. Receivables consist primarily of amounts due from government agencies, and from management services customers, which the Company believes will be fully collected.

Liquidity risk

As at December 31, 2018, the Company had a cash balance of \$3,420,159 to settle current liabilities of \$197,637. The Company is not subject to significant liquidity risk.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Financial instruments (cont'd...)

Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest some of excess cash in investment-grade highly liquid demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as cash deposits are payable on demand and the Company currently does not carry interest bearing debt at floating rates. Fluctuations in interest rates may impact the value of the Company's investments in publicly traded common shares.

Foreign currency risk

The Company's functional currency is the Canadian dollar; however, there are transactions and investments in U.S. dollars and the Company keeps some of its cash in U.S. currency. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A 10% change in the foreign exchange rate would have had an approximate \$180,000 impact on foreign exchange gain or loss.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. The Company's investments are primarily concentrated in the junior healthcare, natural resource, and technology industries, which results in exposure to higher volatility than broader market investments and indexes. The Company's investments are accounted for at fair value and are sensitive to changes in market bid prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. The Company holds investments in private and public traded equity securities. Market prices for equity securities are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Some investments may not be very liquid and dispositions may take time or may be sold at less than market prices. A 10% change in the fair values of the Company's investments at December 31, 2018 would have an \$508,000 impact on results from operations.

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16. INCOME TAXES

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

	2018	2017
Loss for the year	\$ (7,033,652)	\$ (8,406,651)
Expected income tax (recovery)	\$ (1,899,000)	\$ (2,186,000)
Change in statutory, foreign tax, foreign exchange rates and other	(104,000)	16,000
Impact of change in future tax rate	163,000	(272,000)
Permanent difference	764,000	1,519,000
Disposal of subsidiary	-	48,228,000
Share issue costs	(70,000)	(43,000)
Adjustment to prior years provision versus statutory returns	(794,000)	-
Change in unrecognized deductible temporary differences	1,940,000	(47,262,000)
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's deferred tax assets that have not been recognized on the consolidated statement of financial position are as follows:

	2018	2017
Deferred tax assets (liabilities)		
Mineral property	\$ 29,000	\$ 40,000
Property and equipment	4,000	13,000
Share issue costs	82,000	330,000
Marketable securities	277,000	-
Allowable capital losses	36,000	-
Debt with accretion	-	-
Non-capital losses available for future period	9,664,000	26,113,000
	10,092,000	26,496,000
Unrecognized deferred tax assets	(10,092,000)	(26,496,000)
Net deferred tax assets	\$ -	\$ -

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16. INCOME TAXES (cont'd...)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2018	Expiry Date Range	2017	Expiry Date Range
Temporary differences				
Investment tax credit	\$ 40,000	2026 to 2038	\$ 40,000	2026 to 2027
Property and equipment	15,000	No expiry date	14,000	No expiry date
Share issue costs	303,000	2019 to 2022	330,000	2018 to 2021
Marketable securities	1,027,000	No expiry date	-	No expiry date
Allowable capital losses	134,000	No expiry date	-	No expiry date
Non-capital losses available for future period	35,902,000	2026 to 2038	28,976,000	2026 to 2037
Canada	34,471,000	2026 to 2038	27,304,000	2026 to 2037
USA	1,431,000	2027 to 2038	1,672,000	2027 to 2037

Tax attributes are subject to review, and potential adjustment, by tax authorities.

17. CONTINGENCY

During 2018, the Company launched a legal claim against certain parties relating to an investment and management services agreement. The parties have filed a statement of defence and counterclaim. The outcome of these actions are not determinable at this time.

18. SUBSEQUENT EVENT

Belgravia Capital and its Board of Directors elected to cancel the outstanding stock options to purchase common shares in the Company by way of Stock Option Cancellation Agreement. In that regard, on February 13, 2019, in accordance with the requirements of the Canadian Securities Exchange (the "CSE"), the Company cancelled 36,500,000 of the 39,000,000 outstanding stock options.