REVELO

RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2019 AND 2018

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Revelo Resources Corp.

Opinion

We have audited the accompanying consolidated financial statements of Revelo Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2019 and 2018, 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 the Company as at January 31, 2019 and 2018, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $4,628,002 during the year ended January 31, 2019 and, as of that date, the Company has accumulated a total deficit of $33,781,129. Further, as at January 31, 2019, the Company's current liabilities exceeded its current assets by $3,348,887. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the 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 skepticism throughout the audit. We also:

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

May 29, 2019

REVELO RESOURCES CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

		January 31, 2019		January 31, 2018
ASSETS				
Current assets				
Cash	$	29,518	$	101,605
Marketable securities (Note 3)		650,000		1,300,000
Receivables (Note 4)		9,847		91,241
Prepaid expenses and deposits		10,462		24,495
Total current assets		699,827		1,517,341
Non-current assets				
Property and equipment (Note 7)		61,773		89,999
Exploration and evaluation assets (Note 8)		1,873,652		2,919,893
Total non-current assets		1,935,425		3,009,892
TOTAL ASSETS		2,635,252		4,527,233
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		1,192,598		527,337
Notes payable (Note 10 and Note 11)		2,856,116		772,285
Advances from joint venture partner		-		13,071
TOTAL LIABILITIES		4,048,714		1,312,693
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share capital (Note 12)		24,640,452		24,640,452
Reserves		7,727,215		7,727,215
Deficit		(33,781,129)		(29,153,127)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		(1,413,462)		3,214,540
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	$	2,635,252	$	4,527,233

Nature of Operations and Ability to Continue as a Going Concern (Note 1)
Events subsequent to the reporting date (Note 18)

These consolidated financial statements were authorized for issuance by the Board of Directors on May 23, 2019.

Approved on behalf of the Board of Directors

"Michael Winn" , Director *"Timothy Beale"* , Director

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

REVELO RESOURCES CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

		Year Ended January 31, 2019		Year Ended January 31, 2018
EXPLORATION EXPENDITURES (Note 9)	$	3,805,306	$	2,949,264
Less: Recoveries and operator fees		(2,073,519)		(479,806)
Net exploration expenditures		1,731,787		2,469,458
GENERAL AND ADMINISTRATIVE EXPENSES				
Administration		58,619		76,141
Amortization (Note 7)		28,226		29,832
Consulting fees (Note 11)		72,330		72,706
Investor relations and shareholder information		31,251		58,360
Management compensation (Note 11)		620,846		744,622
Professional fees		71,408		60,405
Share-based compensation (Note 11 and Note 12)		-		6,265
Transfer agent and regulatory fees		23,982		34,423
Travel		34,922		36,906
Total general and administrative expenses		941,584		1,119,660
Loss from operations		(2,673,371)		(3,589,118)
Foreign exchange loss		(91,625)		(8,765)
Gain on sale of exploration and evaluation assets (Note 8)		12,918		1,121,342
Equity loss in associated entity (Note 5)		-		(76,029)
Write-off of exploration and evaluation assets (Note 8)		(979,815)		(40,014)
Unrealized gain (loss) on marketable securities (Note 3)		(650,000)		50,000
Interest expense and other		(246,109)		(84,386)
Net loss for the year		(4,628,002)		(2,626,970)
Translation of investment in associated entity (Note 5)		-		(2,861)
Total comprehensive loss for the year	$	(4,628,002)	$	(2,629,831)
Basic and diluted loss per common share	$	(0.03)	$	(0.02)
Weighted average number of common shares outstanding (basic and diluted)		167,405,027		158,235,071

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

REVELO RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended January 31, 2019	Year Ended January 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (4,628,002)	$ (2,626,970)
Items not affecting cash:		
Amortization (Note 7)	28,226	29,832
Share-based compensation (Note 11 and Note 12)	-	6,265
Unrealized loss on marketable securities (Note 3)	650,000	(50,000)
Equity loss in associated entity	-	76,029
Gain on sale of exploration and evaluation assets (Note 5)	(12,918)	(1,121,342)
Write-off of exploration and evaluation assets (Note 8)	979,815	40,014
Interest expense on notes payable	264,609	34,000
Unrealized foreign exchange (gain) loss on notes payable	21,518	(8,590)
Changes in non-cash working capital items:		
Receivables	81,394	(83,844)
Prepaid expenses and deposits	14,033	5,062
Accounts payable and accrued liabilities	665,261	320,140
Advances from joint venture partner	(13,071)	13,071
Net cash used in operating activities	(1,949,135)	(3,366,333)
CASH FLOWS FROM INVESTING ACTIVITIES		
Option payments received	66,423	91,284
Proceeds from sale of exploration and evaluation assets	12,921	125,010
Net cash provided by investing activities	79,344	216,294
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of notes payable (Note 10)	1,797,704	746,875
Proceeds from issuance of common shares, net (Note 12)	-	1,842,445
Net cash provided by financing activities	1,797,704	2,589,320
Net change in cash during the year	(72,087)	(560,719)
Cash, beginning of year	101,605	662,324
Cash, end of year	$ 29,518	$ 101,605

Supplementary Cash Flow Information (Note 16)

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

REVELO RESOURCES CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian Dollars)

	Number of common shares		Share capital		Reserves		Deficit		Total Shareholders' Equity (Deficiency)
Balance as at January 31, 2017	128,486,027	$	23,252,601	$	7,269,217	$	(26,526,157)	$	3,995,661
Private placement at $0.05 per share	38,919,000		1,491,356		454,594		-		1,945,950
Finders' fees in cash	-		(77,877)		-		-		(77,877)
Share issuance costs in cash	-		(25,628)		-		-		(25,628)
Share-based payments	-		-		6,265		-		6,265
Other comprehensive income on translation of investment in associated entity	-		-		(2,861)		-		(2,861)
Loss for the year	-		-		-		(2,626,970)		(2,626,970)
Balance as at January 31, 2018	167,405,027		24,640,452		7,727,215		(29,153,127)		3,214,540
Loss for the year	-		-		-		(4,628,002)		(4,628,002)
Balance as at January 31, 2019	167,405,027	$	24,640,452	$	7,727,215	$	(33,781,129)	$	(1,413,462)

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

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Revelo Resources Corp. (the "Company" or "Revelo"), was incorporated on September 14, 2006, under the Business Corporations Act (Alberta) and continued into British Columbia on June 25, 2008. The Company's head office address is Suite 501 – 543 Granville Street, Vancouver, B.C. V6C 1X8, Canada. Revelo is a publicly traded company, listed on the TSX Venture Exchange ("TSX-V") under the trading symbol RVL. The Company's principal business activities are the acquisition and exploration of mineral properties in Chile.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company's continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to find joint venture partners. At the date of these consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The Company has not achieved profitable operations and has accumulated losses since inception.

As at January 31, 2019, the Company has a working capital deficit of $3,348,887, recorded a net loss of $4,628,002 for the year, and has accumulated a total deficit of $33,781,129. With its current plans for the year and the budgets associated with those plans, in order to continue funding its administrative and exploration expenditures from the date of these consolidated financial statements, the Company will need to obtain additional cash and anticipates either financing or selling one or more of its assets. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Measurement and Presentation

These consolidated financial statements have been prepared on a historical cost basis except for assets measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars ("CAD"), which is also the Company's functional currency.

Basis of Consolidation

These consolidated financial statements comprise the accounts of the parent company and its subsidiaries, after the elimination of all material intercompany balances and transactions.

Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiaries

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated. The Company's principal subsidiaries are as follows:

Name	Principal Activity	Place of incorporation	Ownership %
Iron Creek Holdings (BVI) Ltd.	Holding company	British Virgin Islands	100%
Iron Creek Chile (BVI) Ltd.	Holding company	British Virgin Islands	100%
Iron Creek Mena (BVI) Ltd.	Holding company	British Virgin Islands	100%
PSM Exploration Inc.	Holding company	Canada	100%
Celeste Uranium (Barbados) Ltd.	Holding company	Barbados	100%
Serena Mining (Barbados) Ltd.	Holding company	Barbados	100%
Minera Mena Chile Ltda.	Exploration company	Chile	100%
SCM Pampa Buenos Aires Ltda.	Exploration company	Chile	100%
Minera Celeste Chile Ltda.	Exploration company	Chile	100%
Minera Serena Mining Chile Ltda.	Exploration company	Chile	100%
Sociedad Contractual Minera Montezuma	Exploration company	Chile	100%

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates.*

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statement of loss and comprehensive loss.

Property and Equipment

Property and equipment is recorded at cost and amortized over its estimated useful life using the following methods:

Field equipment	20% declining balance method
Furniture and equipment	20% declining balance method
Computer equipment	30% declining balance method
Vehicles	5-year straight line method
Leasehold improvements	8-year straight line method

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset.

Exploration and Evaluation Assets

Upon acquiring legal title to explore, the acquisition of mineral property interests are initially measured at cost. Mineral property acquisition costs include the cash consideration and the fair market value of shares issued for mineral property interests pursuant to the terms of the relevant agreements.

Mineral property acquisition costs and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Company are capitalized until the property to which they relate is placed into production, sold or allowed to lapse. These costs will be amortized over the estimated life of the mineral property following commencement of commercial production, or written off if the property is sold, allowed to lapse, or when an impairment of value has been determined to have occurred.

Exploration and evaluation costs incurred prior to determination of the feasibility of mining operations are expensed as incurred. Reimbursements of current period exploration and evaluation costs are recognized as a recovery. Reimbursements of previously expensed exploration and evaluation costs are recognized in profit or loss.

When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

Impairment of Long-lived Assets

At the end of each reporting year, and when relevant triggering events and circumstances occur, the carrying amounts of the Company's non-financial 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 the value in use. Fair value is determined as the price that would be paid to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. 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 the consolidated statement of loss and comprehensive loss for the year. Impairment is normally assessed at a level of cash-generating units ("CGU"), which is identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restoration, Rehabilitation and Environmental Obligations

Restoration, rehabilitation and environmental obligations are recognized for the expected obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A restoration, rehabilitation or environmental obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with a corresponding cost recognized by increasing the carrying amount of the related long-lived asset. The restoration, rehabilitation or environmental cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value. As at January 31, 2019 and 2018, the Company has no known restoration, rehabilitation or environmental obligations.

Share Capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

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

The proceeds from the issue of the units is allocated between common shares and share purchase warrants on a pro-rata basis based on the relative fair values as follows: the fair value of the common shares is based on the market closing price on the date the units are issued and fair value of the share purchase warrants is determined using the Black-Scholes option pricing model.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares, calculated by dividing the income (loss) attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted EPS is calculated by adjusting the income (loss) attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted EPS assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Diluted EPS does not adjust the income (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Share-based Payments

The stock option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment 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.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that have vested.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

When options are exercised the consideration received is recorded as share capital. In addition, the related share-based payment expense originally recorded as reserves are transferred to share capital. When an option is cancelled/forfeit or expired, the initial recorded value is reversed and charged to deficit.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer.

Investments in Associated Companies

The Company accounts for its long-term investments in affiliated companies over which it has significant influence using the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received.

The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated. Objective evidence of impairment of equity investments includes:

- Significant financial difficulty of the associated companies;
- Becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or,
- National or local economic conditions that correlate with defaults of the associated companies.

<u>Classification of investments as subsidiaries, joint ventures, associated company and portfolio investments</u>

Classification of investments requires judgement as to whether the Company controls, has joint control of 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Significant Accounting Estimates and Critical Judgements

The preparation of consolidated financial statements in conformance 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.

Significant 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 include, but are not limited to, the following:

<u>Estimated useful lives of property and equipment</u>

The estimated useful lives of property and equipment, which is included in the consolidated statements of financial position, will impact the amount and timing of the related amortization included in profit or loss.

<u>Share-based compensation</u>

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty 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 prices and option life, changes in subjective input assumptions can materially affect the fair value estimate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

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 include, but are not limited to, the following:

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiaries. The functional currency was determined based on the currency in which funds are sourced and the degree of dependence of the subsidiary companies on the parent company for financial support.

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial resources and/or reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful, and some assets are likely to become impaired in future periods.

Accounting standards adopted during the year

Financial instruments

Effective February 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company's existing financial instruments on the transition date.

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

Under IFRS 9, on initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated, and instead the hybrid financial instrument as a whole is assessed for classification. 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 other comprehensive income (loss). This election is made on an investment-by-investment basis.

The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to initial recognition and how changes in value are recorded. The following accounting policies apply to the subsequent measurement of financial assets.

a) Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
b) Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
c) Financial assets at FVOCI - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Gains or losses recognized on the sale of the equity investment are recognized in other comprehensive income (loss) and are never reclassified to profit or loss.

Financial liabilities are designated as either fair value through profit or loss, or other financial liabilities. 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 consolidated statement of financial position subsequent to inception and how changes in value are recorded. Other financial liabilities are carried on the consolidated statement of financial position at amortized cost.

The Company completed an assessment of its financial instruments as at February 1, 2018. The following table shows the new classification under IFRS 9 and the original classification under IAS 39:

	New (IFRS 9)	Original (IAS 39)
Financial assets		
Cash	Amortized cost	Loans and receivables
Marketable Securities	FVTPL	FVTPL
Receivables	Amortized cost	Loans and receivables
Financial liabilities		
Accounts payable and accrued liabilties	Amortized cost	Other financial liabilities
Advances from joint venture partner	Amortized cost	Other financial liabilities
Notes payable	Amortized cost	Other financial liabilities

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk. There was no adjustment relating to the implementation of the expected credit loss model for the Company's trade receivables.

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derivative contracts are recognized at fair value on initial recognition. Subsequently, derivatives are remeasured at their fair value. The method of recognizing any resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged:

a) Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair values of the hedged assets or liabilities that are attributable to the hedged risk.
b) The effective portions of changes in the fair values of derivatives that are designated and qualify as cash-flow hedges are recognized in equity. The gain or loss relating to any ineffective portion is recognized immediately in profit or loss.
c) Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in profit or loss.

Amounts accumulated in the hedge reserve are recycled in the consolidated statement of loss in the periods when the hedged items will affect profit or loss (for instance when the forecast sale that is hedged takes place). If a forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in the hedge reserve are included in the initial measurement of the cost of the asset or liability.

Accounting Pronouncements not yet Effective

IFRS 16 Leases was issued by the IASB in January 2016 (effective February 1, 2019) and has not yet been adopted by the Company. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The Company is currently evaluating the impact the new and amended standard is expected to have on its financial statements. The Company does lease office space and if the limited exception criteria are not met, rent expense is to be removed and replaced by amortization and finance expense related to the leased office space and respective lease liability.

3. MARKETABLE SECURITIES

As at January 31, 2019 and 2018, the Company had the following investments:

	January 31, 2019	January 31, 2018
Cost	$ 1,250,000	$ 1,250,000
Accumulated unrealized (loss) gain	(600,000)	50,000
Fair value	$ 650,000	$ 1,300,000

During the year ended January 31, 2018, the Company acquired 10,000,000 common shares of Austral Gold Limited ("Austral") (TSXV: AGLD) as proceeds received on the sale of the San Guillermo and Reprado projects. The Austral shares have been pledged as security pursuant to the terms of the Term Oil loan (Note 10).

(Expressed in Canadian dollars)

4. RECEIVABLES

The Company's receivables arise from goods and services tax and value added tax receivable from government taxation authorities, amounts due related to option and sale agreements, and recovery of exploration expenditures from joint venture partners.

As at January 31, 2019 and 2018, the receivables were as follows:

Category	January 31, 2019	January 31, 2018
Refundable taxes	$ 9,847	$ 42,037
Sale of exploration and evaluation assets	-	49,204
Receivables	$ 9,847	$ 91,241

The carrying amounts of the Company's receivables are denominated in the following currencies:

Currency	January 31, 2019	January 31, 2018
Canadian Dollars	$ 9,251	$ 42,037
US Dollars	-	49,204
Chilean Pesos	596	-
Receivables	$ 9,847	$ 91,241

5. ASSET ACQUISITION

During the fiscal year ended January 31, 2018, the Company's joint venture partner, Minera Newmont (Chile) Ltda. ("Newmont"), a subsidiary of Newmont Mining Corporation (NYSE: NEM), elected to withdraw from the Montezuma copper project ("Montezuma") (Note 8) in northern Chile and return its 51% earned interest in Sociedad Contractual Minera Montezuma ("SCM") to Revelo in exchange for a perpetual 1% net smelter return ("NSR") royalty interest in the Montezuma project. As a result of this arrangement, the Company acquired a 100% interest in SCM, which holds title to the Montezuma project. The Company's previous 49% interest in SCM was recognized as an investment in an associated entity (Note 6).

The acquisition of this 51% interest in SCM was accounted for as an asset acquisition. As such, SCM changed from an associated entity to a subsidiary of the Company and has since been accounted for in accordance with IFRS 10 - Consolidated Financial Statements.

The following table summarizes the consideration paid, the relative fair value of assets acquired, and the liabilities assumed:

Purchase Price:	
Opening equity interest in SCM as at January 31, 2017	$ 78,890
Translation of investment in an associated entity	(2,861)
Equity loss in an associated entity	(76,029)
Total purchase price	$ -

Purchase Price Allocation:	
Cash	$ 63,618
Prepaid expenses and deposits	17,472
Accounts payable and accrued liabilities	(81,090)
Total purchase price allocated	$ -

(Expressed in Canadian dollars)

5. ASSET ACQUISITION (Continued)

The equity loss in an associated entity for the year ended January 31, 2018 was $76,029 and reflects the net equity loss from February 1, 2017 to the acquisition date of March 3, 2017.

6. INVESTMENT IN AN ASSOCIATED ENTITY

In May 2016, through its wholly owned subsidiary, Minera Serena Mining Chile Ltda, the Company established a Chilean Joint Venture entity, SCM Montezuma ("SCM"), and entered into an associated Shareholder Agreement with Newmont to hold and manage the Montezuma Project (Note 5 and 8). As a result of Newmont's earn-in to the projects and in accordance with the venture agreement between the parties, the Company transferred its Montezuma licenses to SCM in exchange for a 49% interest in SCM.

On March 3, 2017, Newmont elected to withdraw from the Montezuma project (Note 5) and returned its 51% earned interest in SCM to Revelo in exchange for a perpetual 1% NSR royalty interest in the Montezuma project. As a result of this arrangement, the Company regained a 100% interest in the Montezuma project and SCM became a wholly owned subsidiary of the Company. The Company's share of the net loss for the period from February 1, 2017 to March 3, 2017 was $76,029.

7. PROPERTY AND EQUIPMENT

	Field equipment	Furniture and equipment	Computer equipment	Vehicles	Leasehold improvements	Total
Cost						
As at January 31, 2018 and January 31, 2019	$ 102,905	$ 24,514	$ 21,838	$ 111,263	$ 29,617	$ 290,137
Accumulated amortization						
As at January 31, 2018	82,001	18,730	19,722	50,068	29,617	200,138
Additions	4,181	1,157	635	22,253	-	28,226
As at January 31, 2019	$ 86,182	$ 19,887	$ 20,357	$ 72,321	$ 29,617	$ 228,364
Net book value						
As at January 31, 2018	$ 20,904	$ 5,784	$ 2,116	$ 61,195	$ -	$ 89,999
As at January 31, 2019	$ 16,723	$ 4,627	$ 1,481	$ 38,942	$ -	$ 61,773

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

	January 31, 2019	January 31, 2018
Las Pampas, Chile	$ 651,722	$ 651,722
Cerro Blanco, Chile	100,000	100,000
Cerro Buenos Aires, Chile	100,000	100,000
Magallanes, Chile	-	1
T4, Chile	11,836	11,836
Morros Blancos, Chile	70,030	70,030
Altamira, Chile	-	10,000
Calvario, Chile	120,041	120,041
Mirador, Chile	120,042	120,042
Colla Kananchiari (formerly Bronce Weste), Chile	-	1
San Valentino, Chile	120,041	120,041
Montezuma, Chile	1	1
Los Azules, Chile	261,122	327,545
Block 2, Chile	1	75,000
Redondo-Veronica, Chile	25,000	25,000
Block 3, Chile	28,000	800,975
Block 4, Chile	1	121,842
Limbo, Chile	-	1
Las Animas, Chile	75,426	75,426
Loro, Chile	6,550	6,550
Victoria Sur, Chile	1	1
Orca (formerly Morsas), Chile	183,838	183,838
	$ 1,873,652	$ 2,919,893

During the year ended January 31, 2019, management decided to write down the Altamira, Block 2, Block 3, and Block 4 projects in Chile to nominal values and recorded a total write down of $979,815 (2018 - $40,014). Due to current financial circumstances, other than maintenance costs, the Company does not expect to incur significant exploration costs on these projects in the foreseeable future. The Company continues to hold a 100% interest in the projects and has kept the licenses in good standing and continues to engage with potential partners to advance the exploration programs on the projects.

During the year ended January 31, 2019, the Company sold three, non-core exploration projects which had been written down in the previous year to third parties in exchange for NSR royalty interests (the “NSR” royalties), as follows:

- The Magallanes project was sold to a Chilean subsidiary of Austral for a cash payment of $6,536 and a 1% NSR on future production of all metals. A gain of $6,535 was recorded on the sale.
- The Limbo project was also sold to a Chilean subsidiary of Austral for a cash payment of $6,385 and a 1% NSR on future production of all metals. A gain of $6,384 was recorded on the sale.
- The Colla Kananchiari (formerly Bronce Weste) project was sold to Masglas Americas Corporation SpA (“Masglas”) for a 1% NSR on future production of precious metals plus a 0.5% NSR on future production of base metals. Masglas subsequently renamed the project Colla Kananchiari and a loss of $1 was recorded on the sale.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

During the year ended January 31, 2018, and prior to the agreement with Sumitomo Metal Mining Chile Limitada ("Sumitomo"), the Company wrote down the Reina Hija property in Chile to a nominal value and recorded a total write down of $40,014. The Company no longer holds an interest in the Reina Hija property.

Las Pampas, Cerro Blanco, Cerro Buenos Aires

As at January 31, 2018, the Company owns a 100% interest in the Las Pampas, Cerro Blanco, and Cerro Buenos Aires projects. Hochschild Mining PLC ("Hochschild") retains a 1% NSR royalty on any and all future production from portions of these properties.

Cerro Buenos Aires

On May 29, 2018, the Company signed an Option Agreement with Teck Resources Chile Limitada ("Teck"), a subsidiary of Teck Resources Limited, allowing Teck to acquire a 60% interest in a portion of Revelo's Cerro Buenos Aires property. Teck can earn its 60% interest by making cash payments to Revelo totaling US$425,000 and incurring exploration expenditures totaling US$4,800,000 over 4 years. Once the option is exercised by Teck, Revelo has the option to form a joint-venture company with Teck (with Revelo holding a 40% interest) to advance the property, or to convert its interest into a 1.5% net smelter return royalty. Teck has the right to buy-down the royalty by 0.5% by paying Revelo US$2,000,000, at any time.

T4

The Company owns 100% of the T4 property which consists of certain exploration concessions located in the Antofagasta region of northern Chile.

San Guillermo, Morros Blancos, Colla Kananchiari, Calvario, Mirador, San Valentino, and Reina Hija

In June 2014, the Company completed the acquisition of a 100% interest in five properties from Minera Fuego Limitada, ("Fuego"), a privately owned Chilean exploration company, namely the San Guillermo, Calvario-Mirador, San Valentino, Colla Kananchiari and Reina Hija concessions, located in northern Chile. The Calvario-Mirador property was subsequently split into two separate properties, Calvario and Mirador, and San Guillermo was subsequently split into two separate properties, San Guillermo and Morros Blancos. The Company sold its interest in the Colla Kananchiari property in exchange for a royalty interest during the year ended January 31, 2019.

Mirador and Reina Hija

On September 14, 2017, Revelo completed a strategic swap of properties with Sumitomo, by which Revelo has acquired additional hectares of tenement at Mirador, which is contiguous with the Company's existing tenement. In exchange for the additional hectares of tenement at Mirador, the Company transferred its Reina Hija project to Sumitomo. As a result of the swap, the Company no longer has any interests at Reina Hija and Sumitomo will assume responsibility for an underlying royalty in favour of Fuego, and the Company will pay an equivalent royalty to Sumitomo on the properties acquired at Mirador. Portions of both royalties have buy-back rights. During the year ended January 31, 2018, and prior to the agreement with Sumitomo, the Company wrote down the Reina Hija property in Chile to a nominal value and recorded a total write down of $40,014.

As consideration for the concessions, the Company issued a combination of common shares and granted Fuego a 2% NSR royalty on precious metals and a 1% NSR royalty on base metals mined from the concessions. The Company has the perpetual right to acquire 50% of each of the NSR royalties on each property in consideration of a cash payment to Fuego of US$5,000,000, on a property by property basis.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

Additionally, subject to regulatory approval, the Company will issue a further 1,000,000 common shares to Fuego upon completion by the Company of its first feasibility study regarding a project to be developed on any of the five original properties.

San Guillermo was sold to Austral in November 2017 (see below), and Calvario and Mirador were optioned subsequent to the year ended January 31, 2019 to Sociedad Quimica Y Minera de Chile S.A., ("SQM") (NYSE: SQM) (Note 18).

Reprado and San Guillermo

In December 2015, the Company completed the acquisition of a 100% interest in the Reprado gold-silver project in Northern Chile from Teck Resources Chile Limitada ("Teck"), a subsidiary of Teck Resources Limited. As consideration for the project, the Company paid a combination of cash and shares. Additionally, the Company granted to Teck a 1% NSR royalty on all metals produced from the project.

On November 14, 2017, the Company entered into an agreement allowing Austral to purchase the Company's San Guillermo and Reprado projects in exchange for common shares in Austral and a royalty on future production from the projects. The agreement allowed Austral to acquire a 100% interest in the San Guillermo and Reprado projects in exchange for: (a) 10,000,000 common shares in Austral, valued at $1,250,000 (received); (b) 1% NSR royalty on future production at Reprado; and (c) 0.5% NSR royalty on future production at San Guillermo. The existing Option, Sale and Royalty Agreement between the Company and Austral relating to the San Guillermo project was cancelled concurrent with the signing of this agreement. Austral also assumes responsibility for paying underlying NSR production royalties at San Guillermo to Minera Fuego and SQM in Chile, and an underlying NSR production royalty to Teck at Reprado. As a result of the sale agreement, the Company recorded a total gain on sale of $1,121,342 during the year ended January 31, 2018.

Montezuma

Montezuma is comprised of 100% owned tenements including both exploration and mining concessions in Northern Chile. During the year ended January 31, 2018, Newmont elected to withdraw from the Montezuma project (Note 6) and returned its 51% earned interest in SCM to the Company in exchange for a perpetual 1% NSR royalty interest in the Montezuma project. As a result of this arrangement, the Company regained a 100% interest in the Montezuma project.

Block 2, Redondo-Veronica, Block 3, Block 4, Los Azules, Limbo and Las Animas

As at January 31, 2019, Block 2, Redondo-Veronica, Block 3, Block 4, Los Azules and Las Animas were 100% owned tenements comprising both exploration and mining concessions.

The Limbo project was sold to Austral in March 2018 for a 1% NSR on future production of all metals and nominal cash. Limbo is an early stage exploration property but is located close to Austral's operating gold mine at Guanaco.

Los Azules

On November 27, 2017, the Company entered into two agreements with MASGLAS Americas Corporation SpA ("MASGLAS"). The first agreement was for the sale of certain licenses, called Q'Inti within the Los Azules project, in exchange for US$100,000 in cash; and the second agreement was for a four-year option over the remaining licenses comprising the Los Azules project, that allows MASGLAS to earn a 100% interest in the project in exchange for

8. EXPLORATION AND EVALUATION ASSETS (Continued)

US$500,000 in cash and in-ground exploration commitments. During the year ended January 31, 2019, the Company received US$50,000 (year 1 payment). The Company will retain a 2% NSR royalty on all metals produced from both the Q'Inti and Los Azules projects.

Loro, Morsas, Culebra, and Anaconda

In July 2015, the Company completed the acquisition of a 100% interest in four properties from Altius Minerals Corporation's ("Altius") 49% owned Chilean subsidiary BLC SpA ("BLC"), namely the Loro, Morsas, Culebra, and Anaconda concessions, located in northern Chile in exchange for issuing common shares and granting BLC a 2% NSR royalty from commercial production of precious metals and a 1% NSR royalty from commercial production of base metals from each of the properties.

As at January 31, 2019, Loro and Morsas were 100% owned tenements comprising both exploration and mining concessions. During the year ended January 31, 2019, Culebra and Anaconda were abandoned, together with a portion of the Morsas concessions with the remaining Morsas concessions renamed Orca.

Loro

On September 5, 2017, the Company signed a definitive agreement with Hochschild for the Company's gold-silver Loro project. The agreement allows Hochschild to earn a 100% interest in the Loro project over a maximum of five years in exchange for a series of (a) cash payments totaling US$5,300,000, and (b) in-ground investments totaling US$13,000,000 and/or drilling commitments totaling 30,000 meters. After exercising its option, Hochschild must also pay a further US$15,000,000 in cash and provide a 1% NSR royalty interest on future production in favour of the Company. The Company will operate Phase 1 and Phase 2 of the exploration program from its Chilean base, subject to programs and budgets agreed with Hochschild. Hochschild has the right to request that the Company continue to operate the exploration program beyond the end of Phase 2, subject to mutual agreement. Upon signing of this agreement, Hochschild made its first cash payment of $25,000 (US$19,380) to the Company, which was applied against its capitalized costs. As of January 31, 2018, the advances from a joint venture partner of $13,071 consisted of unspent funds received pursuant to this agreement.

Contiguous with the agreement for the Loro project, the Company and Hochschild concluded additional agreements:

- for the Company to recover the Victoria Sur project from Hochschild in exchange for a 1% NSR royalty interest in favour of Hochschild; and
- the reductions on existing NSR royalty interests at the Company's Las Pampas, Cerro Blanco, and Cerro Buenos Aires projects (formerly one single project, Las Pampas) in favour of Hochschild from 2% to 1%.

Subsequent to January 31, 2019, Hochschild terminated the option agreement, and the Company continues to hold 100% of Loro in good standing. As part of the termination, Hochschild agreed to pay the Company a US$50,000 (received) break fee and 2019 license maintenance costs.

Victoria Sur

Contiguous with the agreement entered into with Hochschild for the Loro project, the Company and Hochschild concluded an additional agreement that included Revelo recovering the Victoria Sur project (previously subject to a joint venture agreement between the Company and Hochschild) from Hochschild in exchange for a 1% NSR royalty interest in favour of Hochschild. As a result of the uncertainty of these NSR royalty interests becoming payable, the acquisition of Victoria Sur has been recorded at a nominal value.

(Expressed in Canadian dollars)

9. EXPLORATION EXPENDITURES

During the year ended January 31, 2019, the Company incurred the following exploration expenditures, including regional exploration and property investigation costs, which were expensed as incurred:

	Calvario	Morros Blancos	Loro	Montezuma	Redondo-Veronica	Victoria Sur	Block 3	Las Pampas	Mirador	Regional project development	Total
Drilling, related and other	$ -	$ -	$ 1,508,211	$ 13,437	$ -	$ 237	$ -	$ -	$ -	$ -	$ 1,521,885
Legal and accounting	4,082	3,259	-	14,094	2,674	6,840	2,936	30,460	3,483	89,439	157,267
Office and administration	10,307	8,229	-	35,996	7,218	8,821	7,916	37,509	8,795	48,235	173,026
Property maintenance	74,724	59,660	11,531	238,206	48,488	60,370	53,233	253,931	63,766	236,638	1,100,547
Salaries and benefits	26,320	21,014	293,265	90,586	17,243	22,526	18,928	94,982	22,460	110,967	718,291
Travel	231	185	121,535	5,766	152	198	166	835	197	5,026	134,290
Total Expenditures	115,664	92,347	1,934,542	398,085	75,775	98,992	83,179	417,717	98,701	490,304	3,805,306
Recoveries	-	-	(1,934,542)	-	-	-	-	-	-	-	(1,934,542)
Operator fees	-	-	(138,977)	-	-	-	-	-	-	-	(138,977)
Net Expenditures	$ 115,664	$ 92,347	$ (138,977)	$ 398,085	$ 75,775	$ 98,992	$ 83,179	$ 417,717	$ 98,701	$ 490,304	$ 1,731,787

During the year ended January 31, 2018, the Company incurred the following exploration expenditures, including regional exploration and property investigation costs, which were expensed as incurred:

	Calvario	Morros Blancos	Loro	Montezuma	Redondo-Veronica	Victoria	Block 4 - Anaconda	Las Pampas	Las Animas	Regional project development	Total
Drilling, related and other	$ -	$ -	$ 210,519	$ 127,509	$ -	$ -	$ -	$ -	$ -	$ 1,796	$ 339,824
Legal and accounting	6,800	2,287	17,727	34,785	4,169	2,993	3,202	-	2,788	120,362	195,113
Office and administration	10,704	5,952	4,942	53,519	8,512	7,789	6,538	265	9,571	63,293	171,085
Property maintenance	94,197	53,875	28,256	274,296	76,148	70,496	58,488	230,581	63,358	456,976	1,406,671
Salaries and benefits	36,291	20,181	148,640	176,561	28,860	26,406	22,167	-	24,600	213,021	696,727
Travel	391	217	67,225	55,240	311	284	239	-	265	15,672	139,844
Total Expenditures	148,383	82,512	477,309	721,910	118,000	107,968	90,634	230,846	100,582	871,120	2,949,264
Recoveries	-	-	(408,800)	(24,322)	-	-	-	-	-	-	(433,122)
Operator fees	-	-	(46,684)	-	-	-	-	-	-	-	(46,684)
Net Expenditures	$ 148,383	$ 82,512	$ 21,825	$ 697,588	$ 118,000	$ 107,968	$ 90,634	$ 230,846	$ 100,582	$ 871,120	$ 2,469,458

10. NOTES PAYABLE

Term Oil Loan

In February 2018, the Company borrowed $1,500,000 from Term Oil Inc., a private Company. At the time of receipt of the advance, the Company paid fees totaling $45,000 and legal fees of $20,000. The Company has also agreed to pay a fee equal to 3% of the outstanding balance of the loan on the first anniversary of the loan. The loan has a term of 18 months and is subject to interest of 1% per month compounded monthly. The Company granted security to Term Oil including a general security agreement creating a first priority security interest over all its present and after acquired personal property; a guarantee of the Company's subsidiary, Minera Mena Chile Ltda.; and a pledge over 10,000,000 ordinary shares of Austral (Note 3). On January 23, 2019, Term Oil agreed to release 4,000,000 ordinary shares of Austral from the security pledge.

The fair value of the loan was calculated using an effective interest rate of 15% resulting in $216,538 of accrued interest during the year ended January 31, 2019. The total loan outstanding as at January 31, 2019 is $1,651,538. The balance of the loan is due within 12 months.

Other Notes Payable

During the year ended January 31, 2019 the Company received 5 separate loans of US$175,000 ($229,888) and US$100,000 ($131,365) from 2 separate entities controlled by a director of the Company. These loans carry no interest and have no specific terms of repayment.

During the year ended January 31, 2018, the Company entered into four separate loan transactions consisting of the following:

- Received 2 separate loans of US$100,000 ($131,365) and US$75,000 ($98,524) from 2 separate entities controlled by a director of the Company. These loans carry no interest and have no specific terms of repayment;
- Received US$100,000 ($131,365) from a former director of the Company. This loan carries no interest and has no specific terms of repayment; and
- Received $400,000 from EMX Royalty Corp ("EMX"), a Company with a common director. This loan carries interest at a rate of 1% per month and includes a $20,000 cash bonus due on or before December 31, 2017. This loan has not been settled and is currently under negotiation. As at January 31, 2019, the balance outstanding including interest to EMX was $482,071.

As at January 31, 2019, the total loan amounts outstanding to related parties was $1,204,578 (January 31, 2018 - $772,285).

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into the following transactions with key management personnel. The aggregate value of these transactions and outstanding balances are as follows:

	Year Ended January 31, 2019	Year Ended January 31, 2018
Management		
Management fees	$ 605,207	$ 729,109
Share based payments	-	6,265
Directors		
Directors' fees	72,000	72,000
	$ 677,207	$ 807,374

Amounts due to related parties as of January 31, 2019 and January 31, 2018 are as follows:

Related party liabilities	Items or services	Year ended January 31, 2019	Year ended January 31, 2018
Seabord Services Corp.	Management fees and advances	$ 262,297	$ 58,308
Chairman	Management fees	323,157	125,470
President	Compensation	241,164	136,164
Various directors	Directors' fees	138,000	66,000
EMX Royalty Corp.	Loan (Note 10)	482,071	434,000
Director and former director	Loan (Note 10)	722,507	338,285
		$ 2,169,196	$ 1,158,228

Seabord Services Corp. ("Seabord") is a management services company controlled by a director of the Company. Seabord provides the following services: a Chief Financial Officer ("CFO"), a Corporate Secretary, accounting and administration staff, and office space to the Company. The CFO and Corporate Secretary are employees of Seabord and are not paid directly by the Company. A company jointly controlled by the President and Chief Executive Officer charges Revelo management fees for his services.

There were no changes to the Company's Board of Directors or management during the year ended January 31, 2019.

(Expressed in Canadian dollars)

12. EQUITY

Authorized

As at January 31, 2019, the authorized share capital of the Company was an unlimited number of common shares and preferred shares without par value.

Share Capital

No preferred shares have been issued from incorporation to January 31, 2019.

For the year ended January 31, 2019, the Company had no changes to its share capital.

For the year ended January 31, 2018:

The Company completed a non-brokered private placement with the issuance of 38,919,000 units at $0.05 per unit for gross proceeds of $1,945,950. Each Unit was comprised of one common share and one non-transferable share purchase warrant. Each Warrant entitles the purchase of one common share of Revelo at a price of $0.11 for 2 years.

The Company paid cash finder's fees totaling $103,505. Included in this amount was $ 77,877 which was 6% of the Units sold to investors introduced by finders on a portion of the placement.

The gross proceeds of the private placement were allocated using the relative fair value method resulting in $1,491,356 recorded as share capital and $454,594 recorded as reserves. The fair value of the warrants issued as part of the private placement were estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 0.50%, dividend yield of 0%, volatility of 103% and an expected life of 2 years.

Stock Options

The Company has a formal stock option plan that was ratified and approved by the shareholders of the Company and accepted by the TSX-V in fiscal 2018 (the "Plan"). The Plan allows the Board of Directors to grant incentive stock options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be not less than the closing market price of the Company's stock on the trading day prior to the date of grant. The vesting terms are determined at the time of the option grant. Options granted to investor relations personnel vest in accordance with TSX-V regulations. The options are granted for a maximum term of 5 years.

The changes in stock options outstanding are as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at January 31, 2017	8,827,500	$ 0.41
Expired	(1,202,500)	1.48
Balance as at January 31, 2018	7,625,000	0.24
Expired	(650,000)	0.69
Cancelled	(45,000)	0.21
Balance as at January 31, 2019	6,930,000	0.20
Exercisable as at January 31, 2019	6,930,000	$ 0.20

(Expressed in Canadian dollars)

12. EQUITY (Continued)

The following table summarizes the stock options outstanding and exercisable at January 31, 2019:

Date Granted	Expiry Date		Exercise Price	Number Outstanding	Number Exercisable
July 23, 2014	July 23, 2019	$	0.25	2,715,000	2,715,000
August 19, 2016	August 19, 2019		0.15	3,415,000	3,415,000
May 5, 2015	May 5, 2020		0.25	800,000	800,000
Total				6,930,000	6,930,000

The weighted average remaining life of the stock options exercisable is 0.60 years (January 31, 2018 – 1.50 years).

Restricted share units and Performance share units

During the year ended January 31, 2018, the Company introduced a restricted share unit (“RSU”) and performance share unit (“PSU”) plan approved by the shareholders of the Company and the TSX-V. The plan entitles employees, directors, or officers to receive common shares of the Company upon vesting based on vesting terms determined by the Company’s Board of Directors at the time of grant. No RSU’s or PSU’s have been granted under the plan as at January 31, 2019.

Share Purchase Warrants

The changes in share purchase warrants outstanding are as follow:

	Number of Warrants		Weighted Average Exercise Price
Balance as at January 31, 2017	49,577,957	$	0.24
Granted	38,919,000		0.11
Expired	(1,000,000)		0.20
Balance as at January 31, 2018	87,496,957		0.22
Expired	(20,117,167)		0.13
Balance as at January 31, 2019	67,379,790	$	0.24

The following table summarizes the share purchase warrants outstanding and exercisable at January 31, 2019:

Date Isssued	Expiry Date		Exercise Price	Number Outstanding
April 17, 2014*	April 17, 2019*	$	0.42	28,460,790
April 27, 2017*	April 27, 2019*		0.11	38,919,000
Total				67,379,790

* Subsequently expired unexercised.

The weighted average remaining life of the share purchase warrants outstanding and exercisable is 0.22 years (January 31, 2018 – 1.05 years).

12. EQUITY (Continued)

Share-based Payments

During the year ended January 31, 2019, the Company recorded share-based payment expense of $Nil (2018 - $6,265), which represents the fair value of options vested during the year with the offsetting amount credited to reserves.

There were no stock options granted during the year ended January 31, 2019 and 2018.

13. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being the acquisition and exploration of mineral properties. Exploration and evaluation assets, exploration expenditures and property and equipment are located in Chile and substantially all of the Company's other assets and expenditures are located and incurred in Canada.

14. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, currency risk, and interest rate risk.

Credit Risk

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no significant concentration of credit risk other than cash deposits and amounts receivable. The Company's cash deposits are primarily held with a Canadian chartered bank and receivables are considered collectible, as well as GST due from the federal government. Therefore, credit risk is low.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to pay obligations as they fall due. Financial liabilities, at January 31, 2019, included $4,048,714 of accounts payable and accrued liabilities and notes payable. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant, and the Company has used an effective interest rate calculation to determine the fair value of certain notes payable.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Chile and a portion of the Company's expenses are incurred in U.S. dollars and Chilean pesos. A significant change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar and Chilean peso would have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations.

14. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

As at January 31, 2019, the Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars and Chilean pesos:

	U.S. Dollars	Chilean Pesos	Total
Cash	$ 4,925	$ 10,745,057	
Receivables	-	210,000	
Accounts payable and accrued liabilities	(182,049)	(53,831,572)	
Notes payable	550,000	-	
Net exposure	372,876	(42,876,515)	
Canadian dollar equivalent	$ 489,828	$ (85,416)	$ 404,412

Based on the above net exposures and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar and Chilean peso would result in an increase/decrease of approximately $40,400 in the Company's pre-tax loss.

Interest Rate Risk

When the Company has sufficient cash, it is invested in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at January 31, 2019, the Company did not have any interest-bearing loans in which the rates are subject to changes. Accordingly, the Company does not have significant interest rate risk.

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. The Company relies mainly on equity issuances to raise new capital and on entering into joint venture agreements on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of equity as well as cash. The Company prepares annual estimates of exploration and administrative expenditures and monitors actual expenditures compared to the estimates. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. Management will need additional sources of working capital to continue its currently planned programs, by issuing new shares or through the sale of assets.

15. FINANCIAL INSTRUMENTS BY CATEGORY

Fair Values

The Company's financial instruments consist of cash, marketable securities, receivables, accounts payable and accrued liabilities, notes payable, and advances due from a joint venture partner. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

As at January 31, 2019, there were no changes in the classification of financial instruments in comparison to the year ended January 31, 2018. The Company has made the following classifications for its financial instruments:

(Expressed in Canadian dollars)

15. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

As at January 31, 2019	Fair value through profit and loss	Amortized cost	Total
Cash	$ -	$ 29,518	$ 29,518
Marketable securities	650,000	-	650,000
Accounts payable and accrued liabilities		(1,192,598)	(1,192,598)
Notes payable		(2,856,116)	(2,856,116)
	$ 650,000	$ (4,019,196)	$ (3,369,196)

The Company characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1: inputs represent quoted prices in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: inputs other than quoted prices that are observable, either directly or indirectly. Level 2 valuations are based on inputs, including quoted forward prices for commodities, market interest rates, and volatility factors, which can be observed or corroborated in the market place.
- Level 3: inputs that are less observable, unavoidable or where the observable data does not support the majority of the instruments' fair value.

As at January 31, 2019, there were no changes in the levels in comparison to the year ended January 31, 2018. Financial instruments measured at fair value on the statement of financial position include marketable securities and are included in level 1 of the fair value hierarchy.

The carrying values of cash, receivables, accounts payable and accrued liabilities, notes payable (except the Term Oil loan), and advances from joint venture partner approximate their fair value because of the short-term nature of these instruments.

The Term Oil Loan was measured using an effective interest rate that included the additional cash outflows for structuring, legal, and drawdown charges. The fair value of the Term Oil Loan is approximated by its carrying value.

16. SUPPLEMENTARY CASH FLOW INFORMATION

There were no significant non-cash investing and financing transactions during the year ended January 31, 2019.

The significant non-cash investing and financing transactions during the period ended January 31, 2018 included:

a) The fair value allocation of $454,594 to reserves related to 38,919,000 units issued in the private placement (Note 12); and

b) The decrease in the investment in associated entity by $2,861 related to other comprehensive income from the translation of an investment in an associated entity with a functional currency different from the Company (Note 5).

(Expressed in Canadian dollars)

17. INCOME TAXES

The provision for income taxes differs from the amount calculated using a prorated Canadian federal and provincial statutory income tax rate of 27% (2018 – 27%) as follows:

	2019	2018
Loss for the year	$ (4,628,002)	$ (2,626,970)
Expected income tax expense	(1,249,561)	(690,065)
Permanent differences and other	(1,108,904)	559,462
Effect of lower tax rates in foreign jurisdictions	39,417	91,361
Changes in unrecognized deductible temporary differences	2,319,048	39,242
	$ -	$ -

Significant components of the Company's unrecognized deferred tax assets are as follows:

	2019	2018
Deferred tax assets:		
Exploration and evaluation assets	$ 3,961,000	$ 3,370,000
Share issue costs and other	209,000	42,000
Non-capital losses available for future periods	9,535,000	7,974,000
Unrecognized deferred tax assets	$ 13,705,000	$ 11,386,000

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

	Expiry date	2019	2018
Temporary differences:			
Exploration and evaluation assets	no expiry	$ 16,672,000	$ 16,092,000
Share issue costs and other	2040 to 2043	$ 219,000	$ 154,000
Non - capital losses available for future periods in Canada	2027 to 2039	$ 10,020,000	$ 8,610,000
Non - capital losses available for future periods in Chile	no expiry	$ 27,318,000	$ 22,600,000

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

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

18. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the year ended January 31, 2019;

a) The Company received 4 loans for a total of US$760,000 ($1,100,107) from 2 separate entities controlled by a director of the Company. These loans carry no interest and have no specific terms of repayment;

b) The Company signed an Exploration Option Agreement with SQM, allowing SQM to acquire up to an 80% interest in two of the Company's copper-focused projects at Calvario and Mirador in northern Chile. The agreement includes a 5-year option for SQM to explore and earn an 80% interest in the combined properties and a cash payment to the Company of a total of US$5.225 million over 5 years.