SOLARIS
COPPER

An exploration company

Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

Expressed in thousands of United States dollars, unless otherwise stated

KPMG LLP
Chartered Professional Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Solaris Copper Inc.

Opinion

We have audited the consolidated financial statements of Solaris Copper Inc. ("the Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2018, December 31, 2017 and January 1, 2017;
- the consolidated statements of net loss and comprehensive loss for the years ended December 31, 2018 and December 31, 2017;
- the consolidated statements of cash flows for the years ended December 31, 2018 and December 31, 2017;
- the consolidated statements of changes in equity for the years ended December 31, 2018 and December 31, 2017; and
- notes to the consolidated statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018, December 31, 2017 and January 1, 2017, and its consolidated financial performance and consolidated cash flows for the years ended December 31, 2018 and December 31, 2017 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company has incurred operating losses to date and has no current sources of revenues or cash inflows from operations.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Basis of Preparation

Without modifying our opinion, we draw attention to the fact that, as described in Note 3 in the financial statements, the Company did not operate as a separate entity prior to the execution of a Plan of Arrangement on August 3, 2018. The carve-out financial statements for the period up to August 3, 2018 are, therefore, not necessarily indicative of results that would have occurred if the Company had been a separate stand-alone entity during the years presented or of future results of the Company.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indication that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is James Barron, CA, CPA.

Vancouver, Canada
April 29, 2019

SOLARIS COPPER INC.

Consolidated Statements of Financial Position

(Expressed in thousands of United States dollars)

	Note	December 31, 2018	December 31, 2017	January 1, 2017
Assets				
Current assets				
Cash and cash equivalents		$ 241	$ 92	$ 95
Amounts receivable		70	37	15
		311	129	110
Exploration and evaluation assets	8	20,180	20,180	439
Equipment	9	45	43	15
Derivative asset	10	1,673	-	-
		$ 22,209	$ 20,352	$ 564
Liabilities and Equity				
Current liabilities				
Accounts payable and accrued liabilities		$ 155	$ 144	$ 55
Long-term liabilities				
Payable to Equinox	20	1,274	-	-
Shareholders' Equity				
Share capital	11	32,704	-	-
Reserves		671	26,544	12,910
Deficit		(20,471)	(14,255)	(12,401)
Equity attributable to shareholders		12,904	12,289	509
Non-controlling interests	15	7,876	7,919	-
		20,780	20,208	509
		$ 22,209	$ 20,352	$ 564

Going concern (Note 2)
Subsequent event (Note 21)

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

Approved on behalf of the Board:

"Marcel de Groot"
Chairman

"Greg Smith"
Director

SOLARIS COPPER INC.

Consolidated Statements of Net Loss and Comprehensive Loss

For the years ended December 31, 2018 and 2017

(Expressed in thousands of United States dollars, except share and per share amounts)

	Note		2018		2017
Exploration expenses	12	$	2,448	$	1,729
General and administrative expenses	13		550		132
Loss from operations			2,998		1,861
Change in fair value of derivatives	10		(924)		-
Other income			(11)		(7)
			(935)		(7)
Net loss and comprehensive loss		$	2,063	$	1,854
Net loss and comprehensive loss attributable to:					
Solaris Copper shareholders		$	2,020	$	1,854
Non-controlling interests	15		43		-
		$	2,063	$	1,854
Net loss per share:					
Basic		$	0.03	$	0.02
Diluted		$	0.03	$	0.02
Weighted average shares outstanding			74,456,212		74,438,616

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

SOLARIS COPPER INC.

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in thousands of United States dollars)

	2018	2017
Cash provided by (used in)		
Operations		
Net loss for the period	$ (2,063)	$ (1,854)
Adjustments for:		
Amortization	6	2
Change in fair value of derivatives	(924)	-
Share based compensation	49	-
Changes in non-cash working capital:		
Amounts receivable	(32)	6
Accounts payable and accrued liabilities	59	84
	(2,905)	(1,762)
Investing		
Purchase of equipment	(8)	-
Cash acquired in asset acquisition	-	37
	(8)	37
Financing		
Capital contributions from Equinox Gold Corp.	1,837	1,722
Advances from Equinox Gold Corp.	1,226	-
	3,063	1,722
Effect of foreign exchange on cash and cash equivalents	(1)	-
Increase (decrease) in cash and cash equivalents	149	(3)
Cash and cash equivalents, beginning of period	92	95
Cash and cash equivalents, end of period	$ 241	$ 92

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

SOLARIS COPPER INC.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in thousands of United States dollars, except share amounts)

	Share Capital						
	Shares	Amount	Reserves	Net Parent Investment	Deficit	Non-controlling interests	Total
December 31, 2016	-	$ -	$ -	$ 12,910	$ (12,401)	$ -	$ 509
Non-cash contribution from Equinox Gold Corp. (Note 7)	-	-	-	11,912	-	-	11,912
Cash contribution from Equinox Gold Corp. (Note 7)	-	-	-	1,722	-	-	1,722
Non-controlling interest acquired	-	-	-	-	-	7,919	7,919
Deficit	-	-	-	-	(1,854)	-	(1,854)
December 31, 2017	-	$ -	$ -	$ 26,544	$ (14,255)	$ 7,919	$ 20,208
Cash contribution from Equinox Gold Corp. prior to the Arrangement	-	-	-	1,337	-	-	1,337
Cash contribution from Equinox Gold Corp. pursuant to the Arrangement		-	-	500	-	-	500
Shares issued upon incorporation	1	-	-	-	-	-	-
Shares issued pursuant to the Arrangement	74,438,615	32,676	-	(32,676)	-	-	-
Adjustments pursuant to the Arrangement	-	-	-	4,295	(4,295)	-	-
Adjustments pursuant to the Arrangement related to warrants	-	-	-	-	749	-	749
Shares issued on exercise of stock options and Restricted Share Units	64,843	28	(28)	-	-	-	-
Share based compensation expense			699	-	(650)	-	49
Net loss and comprehensive loss	-	-	-	-	(2,020)	(43)	(2,063)
Balance December 31, 2018	74,503,459	$ 32,704	$ 671	$ -	$ (20,471)	$ 7,876	$ 20,780

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

1. NATURE OF OPERATIONS

Solaris Copper Inc. (“Solaris” or “the Company”) was incorporated under the Business Corporations Act of British Columbia on June 18, 2018 as a wholly owned subsidiary of Equinox Gold Corp. (“Equinox”). Equinox subsequently distributed 60% of the outstanding shares of the Company to its shareholders as described in Note 3.

As at September 30, 2018, the Company’s assets consist primarily of the 60%-owned La Verde copper exploration property (“La Verde”) in Mexico, the Company’s Warintza copper-molybdenum exploration property (“Warintza”) in Ecuador, the Ricardo copper-molybdenum exploration property (“Ricardo”) in Chile, and a land package in Guatemala. The Company has not yet determined whether the properties contain mineral reserves where extraction is both technically feasible and commercially viable.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has incurred operating losses to date and has no current sources of revenue or cash inflows from operations. The Company’s ability to continue as a going concern is dependent upon successful execution of its business plan, raising additional capital or evaluating strategic alternatives for its mineral property interests. Subsequent to December 31, 2018, the Company raised CAD$3,934 in a private placement (note 21). However, further funds will be required to fund future obligations and exploration plans. The Company expects to continue to raise the necessary funds primarily through the issuance of common shares. There can be no guarantees that future equity financing will be available in which case the Company will need to reduce its planned exploration activities. These conditions indicate the existence of a material uncertainty that may cast significant doubt on Company’s ability to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying amounts of the assets and liabilities and the statement of financial position classifications used. Such adjustments could be material.

3. PLAN OF ARRANGEMENT

On August 3, 2018, Equinox re-organized certain subsidiaries (the “Equinox Subsidiaries”), including Catalyst Copper Corp. (“Catalyst”) and Ascenso Inversiones S.A. (“Ascenso”) acquired on December 22, 2017 (Note 7), under its wholly owned subsidiary Lowell Copper Holdings Inc. (“Lowell Copper”), transferred all of the issued and outstanding shares of Lowell Copper and $500 in cash to Solaris, and distributed shares of Solaris to the shareholders of Equinox, as a return of capital by way of a plan of arrangement (“the Arrangement”).

Under the Arrangement, existing shareholders of Equinox received one-tenth of a Solaris common share for each Equinox common share held. A total of 44,663,102 Solaris common shares were distributed to Equinox shareholders. Equinox holds 29,775,513 shares of Solaris, representing a 40% interest in Solaris at December 31, 2018. Equinox is considered the ultimate parent of Solaris for accounting purposes.

(Expressed in thousands of United States dollars, except share and per share amounts)

3. PLAN OF ARRANGEMENT (CONTINUED)

In addition, holders of Equinox options received options of Solaris which were proportionate to, and reflective of the terms of, their existing options of Equinox. A total of 14,722,000 options were issued to acquire 1,472,220 shares. Holders of Equinox Restricted Share Units ("RSUs") and Performance Restricted Share Units ("pRSUs") received RSUs or pRSUs of Solaris which were proportionate to, and reflect the terms of, their existing RSUs / pRSUs of Equinox. A total of 8,970,155 RSUs and pRSUs were issued to acquire 897,009 shares in conjunction with the Arrangement.

Pursuant to the Arrangement, Equinox warrant holders will receive, upon exercise of any Equinox warrant (the "Equinox Warrants"), for the original exercise price, one common share of Equinox and one-tenth of a Solaris share. Equinox will pay to Solaris an amount equal to one-tenth of the proceeds received by Equinox on exercise of the warrants. A total of 123,587,166 Equinox Warrants were outstanding at the time of the Arrangement which, if all exercised, would require Solaris to issue 12,358,717 common shares for proceeds of CAD$28,188.

As the shareholders of Equinox continue to hold their respective interests in Solaris, there was no resultant change of control in either Company, or the underlying assets acquired. As such, the Arrangement was considered a capital reorganization and was excluded from the scope of IFRS 3, *Business Combinations.*

Under the continuity of interest basis of accounting, the assets and liabilities transferred are recorded at their pre-arrangement carrying values, which had been measured in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The statements of net loss and comprehensive loss include the allocated expenditures from the operations related to the net assets acquired. Prior to August 3, 2018, the carve-out entity did not operate as a separate legal entity and, as such, the consolidated financial statements may not be indicative of the financial performance of the carve-out entity on a standalone basis and do not necessarily reflect what its results of operations, financial position and cash flows would have been had the carve-out entity operated as an independent entity during the periods presented.

The carrying value of the net assets received pursuant to the Arrangement at August 3, 2018 are as follows:

Cash (including $500 contributed by Equinox on closing)	$	618
Accounts receivable and other assets		32
Exploration and evaluation assets		20,180
Property, plant and equipment		48
Derivative asset		749
Accounts payable and accrued liabilities		(124)
Due to Equinox		(518)
Non-controlling interest		(7,903)
Carrying value of net assets		13,082
Accumulated losses, net of contributions		15,299
Subtotal		28,381
Shares issued pursuant to the Arrangement		(32,676)
Adjustment pursuant to the Arrangement	$	(4,295)

(Expressed in thousands of United States dollars, except share and per share amounts)

3. PLAN OF ARRANGEMENT (CONTINUED)

An adjustment of $4,295 was made through Deficit to reconcile: i) the carrying values of the net assets contributed and recorded under the continuity of interest basis of accounting, to the fair value of the common shares issued upon closing of the Arrangement; and ii) the allocated Equinox accumulated losses up to the close of the Arrangement less Equinox's earlier contributions. Equinox`s earlier capital contributions prior to the periods presented are included in Deficit.

The consolidated statements of changes in equity includes $500 of cash that was transferred by Equinox to the Company pursuant to the Arrangement. Other assets have been reflected in these consolidated financial statements at earlier dates in accordance with the continuity of interest basis of accounting.

4. BASIS OF PREPARATION

(a) Statement of compliance and basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS and interpretations of the IRFS Interpretations Committee ("IFRIC") issued and outstanding as of December 31, 2018. The Company adopted IFRS upon incorporation of the Company and the comparative information has been presented using these same policies. These consolidated financial statements were approved and authorized for issuance on April 29, 2019.

These consolidated financial statements have been prepared on a continuity of interest basis of accounting following the Arrangement, which requires that prior to the August 3, 2018 effective date thereof, the assets, liabilities, results of operations and cash flows of the Company be on a "carve out" basis from the consolidated financial statements and accounting records of Equinox, in accordance with the financial reporting framework specified in subsection 3.11(6) of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards,* for carve-out financial statements. As Equinox's consolidated financial statements had been prepared in accordance with IFRS, no adjustments were made on recognition of its balances and transactions in these consolidated financial statements.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as described below:

Company	Location	Ownership Interest
Lowell Copper Holdings Inc.	Canada	100%
Lowell Copper Holdings (US) Inc.	Canada	100%
Lowell Mineral Exploration Ecuador S.A.	Ecuador	100%
Mineral Ricardo Resources Inc. S.A.	Chile	100%
Lowell Copper S.A.C.	Peru	100%
Minera Gabriella S.A. de C.V.	Mexico	100%
Ascenso Inversionaes S.A.	Guatemala	100%
Catalyst Copper Corp.	Canada	100%
Minera Torre de Oro SAPI de CV	Mexico	60%
Minera Hill 29 S.A. de C.V	Mexico	100%

4. BASIS OF PREPARATION (CONTINUED)

(c) Functional and presentation currency

Except as otherwise noted, these financial statements are presented in United States dollars ("US dollars"), the functional currency of the Company and its subsidiaries.

Transactions in foreign currencies are initially recorded into the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the date of the statement of financial position. Non-monetary assets and liabilities are translated at historical exchange rates, unless the item is carried at fair value, in which case it will be translated at the exchange rate in effect at the date when the fair value was determined. Resulting foreign exchange gains and losses are recognized in income or loss. Foreign currency gains and losses are reported on a net basis.

(d) Accounting standards and amendments issued but not yet adopted

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting.

As the Company has no leases, the adoption of the standard will have no impact on the financial statements.

IFRIC 23, Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 ("Interpretation 23") – *Uncertainty over Income Tax Treatments*. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. Interpretation 23 is applicable for annual periods beginning on or after January 1, 2019. The Company intends to adopt Interpretation 23 in its financial statements for the annual period beginning on January 1, 2019 and does not expect it to have a material impact on the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand with banks and highly liquid investments with a maturity date at purchase of less than 90 days.

(b) Exploration and evaluation expenditures:

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes permitting, community engagement, exploratory drilling and sampling, surveying transportation and infrastructure requirements, and gathering exploration data through geophysical studies.

The Company capitalized significant direct costs of acquiring resource property interests. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Subsequent to the acquisition of a mineral interest, exploration, evaluation and property maintenance costs incurred are expensed as incurred up to the date of establishing that property costs are economically recoverable, that the project is technically feasible and upon receipt of project development approval from the Board of Directors. The approval from the Board of Directors will be dependent upon the Company obtaining necessary permits and licenses to develop the mineral property. If no economically viable ore body is discovered, previously capitalized acquisition costs are expensed in the period that the property is determined to be uneconomical or abandoned. Value-added taxes are included in exploration and evaluation costs when the recoverability of these amounts is uncertain.

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

(c) Equipment:

Equipment is carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consist of purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, initial estimates of the costs of dismantling and removing an item and restoring the site on which it is located, and, where applicable, borrowing costs.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Equipment, including major components, are depreciated using the straight-line method over their estimated useful lives, typically ranging from 5 to 10 years.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for equipment and any changes arising from the assessment are applied by the Company prospectively.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments:

Financial instruments are recognized initially at fair value. Subsequent to initial recognition, financial instruments are classified and measured as described below.

Transaction costs associated with financial instruments, carried at fair value through profit or loss, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

(i) Amortized cost

Financial assets are recorded at amortized cost if both of the following criteria are met: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'.

The Company's cash and cash equivalents and accounts receivable and deposits are recorded at amortized cost as they meet the required criteria.

(ii) Financial assets recorded at fair value through income (loss)

Financial assets are classified at fair value if they are acquired for the purpose of selling in the near term. Gains or losses on these items are recognized in net income (loss). Other than derivatives, the Company does not have financial assets recorded at fair value through profit or loss.

(iii) Financial liabilities

Accounts payable and accrued liabilities and loans from Equinox are accounted for at amortized cost using the effective interest rate method. The amortization of debt issue costs is calculated using the effective interest rate method.

(iv) Derivatives

Derivatives are initially recognized at their fair value on the date the derivative contract is entered into and transaction costs are expensed. The Company's derivatives are subsequently re-measured at their fair value at each statement of financial position date with changes in fair value recognized in net income or loss.

As the exercise price of certain of the Equinox Warrants is fixed in Canadian dollars, and the functional currency of the Company is the US dollar, the obligation of the Company to issue shares on exercise of these warrants is considered a derivative as a variable amount of cash in the Company's functional currency will be received from Equinox on exercise. Accordingly, the Company's obligation to issue shares is recognized as a derivative asset or liability, as applicable.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts.

(e) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects. Proceeds related to the issuance of units are allocated between the common shares and warrants on a relative fair value basis where warrants are classified as equity instruments. For warrants classified as derivative liabilities, the fair value of the warrants is determined with the residual amount allocated to the common shares.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment:

Non-financial assets:

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. When a binding sale agreement is not available, fair value less costs to sell is estimated using a discounted cash flow approach with inputs and assumptions consistent with those at market. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the "cash generating unit" or "CGU"). This generally results in the Company evaluating its non-financial assets on a property-by-property basis.

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in net income or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount. An impairment charge is reversed through net income or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any applicable depreciation, if no impairment loss had been recognized.

Financial assets:

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Share-based payments:

Stock options

The Company grants stock options to acquire common shares to directors, officers and employees. The board of directors determines the specific grant terms within the limits set by the Company's stock option plan.

The fair value of the estimated number of stock options that will eventually vest, determined as of the date of the grant, is recognized as share-based compensation expense over the vesting period of the stock options, with a corresponding increase in shareholders' equity (in other reserves). The total amount recognized as an expense is adjusted to reflect the number of options expected to vest at each reporting date.

The cost of the stock options is measured using the estimated fair value at the date of the grant determined using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility. The expected term of the options granted is determined based on historical data on the average hold period before exercise, cancellation or expiry. Expected volatility is estimated with reference to the historical volatility of the share price of the Company. These estimates involve inherent uncertainties and the application of management judgment.

Restricted share units

The Company grants to employees, officers, directors and consultants, RSUs in such numbers and for such terms as may be determined by the Board. RSUs granted under the RSU Plan are exercisable into common shares for no additional consideration after the vesting conditions, as specified by the Board, are met. The Company intends to settle each RSU with one common share of the Company and therefore RSUs are accounted for as equity-settled instruments.

RSUs are measured at fair value on the date of grant and the corresponding share-based compensation is recognized over the vesting period in cost of sales, exploration or general and administration expenses, as applicable.

In addition to service conditions, pRSUs have performance-based vesting conditions. Share based compensation for these pRSUs is measured on the grant date but is recognized only when it is more likely than not that the performance vesting conditions will be met.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Income tax:

Income tax on income or loss comprises current and deferred tax. Income tax is recognized in net income or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable or receivable related to previous years.

Deferred tax is recognized for differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recorded for temporary differences related to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, temporary differences arising on the initial recognition of goodwill and temporary differences relating to the investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse based on laws that have been enacted or substantively enacted at period end.

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

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

(i) Earnings per share:

Basic earnings (loss) per share (“EPS”) is calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the income or loss attributable to common shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential common shares, which comprise the Company’s obligation to issue shares on exercise of Equinox Warrants, the Company’s own warrants, stock options, RSUs and pRSUs. The dilutive effect of these instruments assumes that the proceeds to be received on exercise are applied to repurchase common shares. Dilutive instruments are only included in the dilutive calculations to the extent exercise prices are below the average market price of the common shares. Shares issuable on the exercise of options, RSUs, pRSUs and Equinox Warrants totaling 14,613,545 were not included in the computation of diluted EPS because they are anti-dilutive.

6. USE OF JUDGMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ.

Measurement of the Company's assets and liabilities is subject to risks and uncertainties, including ones related to: reserve and resource estimation; title to mineral properties; future commodity prices; estimated costs of future production; future cost of reclamation activities; changes in government legislation and regulations; estimated future income tax amounts; the availability of financing; and various operational factors. Estimates that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

Judgments

(a) Determination of functional currencies

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency of each entity is the US dollar. Assessment of functional currency involves certain judgements 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.

Key sources of estimation uncertainty

(b) Carve-out basis of accounting

The preparation of these consolidated financial statements pursuant to the carve-out basis of accounting as described in Note 3 requires the identification and allocation of the pre-arrangement assets, liabilities, results from operations and cash flows of the Equinox subsidiaries that are deemed to be attributable to Solaris. The comparative carve-out 2017 information required management to allocate, on a pro-rata basis, the exploration and other expenditures which required estimates and judgements in performing the allocation.

(c) Valuation of mineral properties

The Company carries the acquisition costs of its mineral properties at cost less any provisions for impairment. The Company undertakes periodic reviews of the carrying values of mineral properties and whenever events or changes in the circumstances indicate that their varying values may exceed their fair value. In undertaking these reviews, management of the Company is required to make significant estimates. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures.

(d) Valuation of derivative and other financial instruments:

The valuation of the Company's derivative financial instruments requires the use of option pricing models or other valuation techniques. Measurement of the Company's obligation to issue shares upon exercise of Equinox warrants classified as a derivative is based on a Monte Carlo pricing model which uses assumptions with respect to share price, expected life, share price volatility, correlation assumptions and discount rates. Changes in these assumptions and estimates result in changes in the fair value of these instruments and a corresponding change in the amount recognized in profit or loss. Significant assumptions related to derivatives are disclosed in notes 10.

(Expressed in thousands of United States dollars, except share and per share amounts)

6. USE OF JUDGMENTS AND ESTIMATES (CONTINUED)

(e) Share-based compensation

The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers and employees of the Company and Equinox. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the expected volatility of the stock price, the risk-free interest rate, dividend yield, the expected life of the stock options and the number of options expected to vest. Any changes in these assumptions could change the amount of share-based compensation recognized. Significant assumptions related to share-based payments are disclosed in note 11.

7. ACQUISITION OF CATALYST AND ASCENSO

As described in Note 3, Catalyst and Ascenso were acquired by Equinox on December 22, 2017 and the consolidated financial statements include Catalyst and Ascenso from December 22, 2017. The acquisition was treated as an asset acquisition. The carrying values of the assets and liabilities acquired and summarized below are consistent with the fair values allocated to the acquired assets and liabilities on their acquisition by Equinox on December 22, 2017.

		2017
Cash	$	37
Other current assets		28
Exploration and evaluation assets		19,741
Equipment		30
Accounts payable and accrued liabilities		(5)
Non-controlling interest		(7,919)
	$	11,912

8. EXPLORATION AND EVALUATION ASSETS

As at December 31,	Note		2018		2017
La Verde (Mexico)	(a)		19,741		19,741
Warintza (Ecuador)	(b)		188		188
Ricardo (Chile)	(c)		251		251
Exploration and evaluation assets		$	20,180	$	20,180

(a) La Verde

La Verde is situated in the Sierra Madre del Sur west of Mexico City in Michoacán State, Mexico and consists of the Unificación Santa Maria claim. The project is held 60% by the Company and 40% by Teck Resources Ltd. The joint venture agreement governing the operation and funding of La Verde was formalized effective February 28, 2015. The Agreement provides that Solaris will be the operator of the project. The Agreement further provides for dilution of either parties' ownership should funding not be provided in accordance with their respective participating interests. La Verde is subject to a 0.5% net smelter royalty held by Minera CIMA, S.A. de C.V..

(Expressed in thousands of United States dollars, except share and per share amounts)

8. EXPLORATION AND EVALUATION ASSETS CONTINUED

(b) Warintza

The Warintza project is located in south eastern Ecuador in the province of Morona Santiago, Canton Limon Indanza. It consists of eight mining concessions (the “Concessions”) covering a total of 26,777 hectares. The Concessions expire between September 2031 to May 2032 and are subject to a 2% net smelter royalty held by Billiton Ecuador B.V. The Concessions can be renewed for an additional period of 25 years.

(c) Ricardo

The Company owns a 100% interest in the Ricardo property, an early stage exploration porphyry copper prospect located near Calama, Chile in the Calama Mining District. The Ricardo claim block covers approximately 16,000 hectares.

On October 18, 2018, Solaris Copper announced that its wholly-owned subsidiary, Minera Ricardo Resources Inc. SA. (“MRRI”), entered into a definitive earn-in option agreement (the “Option Agreement”) with Minera Freeport-McMoRan South America Limitada (“Freeport”) with respect to Ricardo.

The Option Agreement provides for a three-staged process by which Freeport can earn up to an 80% interest in the Ricardo property for gross expenditures of $130 million or $30 million plus the delivery of a feasibility study for a mine at Ricardo.

9. EQUIPMENT

	Field Equipment	Office Equipment	Total
COST			
Balance, January 1, 2017	$ 99	$ -	$ 99
Additions	16	14	30
Disposals	-	-	-
Balance, December 31, 2017	115	14	129
Additions	-	8	8
Disposals	-	-	-
Balance, December 31, 2018	115	22	137
ACCUMULATED AMORTIZATION			
Balance, January 1, 2017	$ 84	$ -	$ 84
Additions	2	-	2
Disposals	-	-	-
Balance, December 31, 2017	86	-	86
Additions	5	1	6
Disposals	-	-	-
Balance, December 31, 2018	91	1	92
Net Book Value, January 1, 2017	$ 15	$ -	$ 15
Net Book Value, December 31, 2017	$ 29	$ 14	$ 43
Net Book Value, December 31, 2018	$ 24	$ 21	$ 45

(Expressed in thousands of United States dollars, except share and per share amounts)

10. DERIVATIVES

As at December 31, 2018, the Company is obligated to issue 12,182,943 common shares on the exercise of 121,954,318 Equinox Warrants which have a weighted average exercise price of CAD$2.39 and a weighted average contractual life of 2.2 years.

At December 31, 2018, the fair value of the Company's obligation to issue shares on exercise of Equinox Warrants classified as a derivative was determined using the Monte Carlo Simulation approach to simulate future share prices of Equinox and Solaris.

The following assumptions were considered in the simulation:

		December 31, 2018		August 3, 2018
Risk-free rate		2.1%		2.0%
Correlation of Solaris share to Equinox share		75%		75%
Expected volatility – Equinox and Solaris		60%		60%
Expected dividend		Nil		Nil
Solaris share price (CAD$) per whole share	$	0.25	$	0.57
Equinox share price (CAD$) per whole share	$	1.02	$	1.09

A continuity of the derivative asset since the Arrangement is as follows:

Balance, December 31, 2017	$	-
Value of the derivative asset on August 3, 2018, pursuant to the Arrangement with Equinox		749
Change in value		924
Balance, December 31, 2018	$	1,673

11. SHARE CAPITAL

(a) Authorized and issued

The Company is authorized to issue an unlimited number of common shares with no par value. At December 31, 2018, 74,503,459 common shares were issued and outstanding.

(b) Share purchase options

As part of the Arrangement, option holders of Equinox received options of Solaris which are proportionate to, and reflective of the terms of, their existing options of Equinox. A total of 14,230,570 stock options are outstanding with each option entitling the holder to 1/10th of a Solaris share. A total of 1,423,057 shares are issuable by Solaris with the following terms:

(Expressed in thousands of United States dollars, except share and per share amounts)

11. SHARE CAPITAL (CONTINUED)

	Outstanding					Exercisable	
Range of exercise price per option (C$)	Number of options outstanding	Number of shares issuable	Weighted average exercise price per option (C$)	Weighted average remaining contractual life (years)		Number of shares issuable	Weighted average exercise price per option (C$)
$0.01 - $0.05	6,432,820	643,282	$ 0.03	2.24		641,782	$ 0.03
$0.06 - $0.10	5,402,970	540,297	0.06	3.73		326,992	0.06
$0.11 - $0.52	2,394,780	239,478	0.17	1.84		239,478	0.17
	14,230,570	1,423,057				1,208,252	

The weighted average exercise price of options exercisable at December 31, 2018, was C$0.07, with each option entitling the holder to 1/10th of a Solaris share. The weighted average exercise price attributable to the issue of a whole Solaris share was C$0.70.

A continuity of the shares issuable for options is as follows:

Balance, December 31, 2017	-
Issued as a result of the transaction	1,472,220
Exercised	(1,105)
Cancelled / expired	(48,058)
Balance, December 31, 2018	1,423,057

The weighted average exercise price per option of options exercised in the period was C$0.02.

The fair value of the options granted was determined using the Black Scholes option pricing model using a weighed average exercise price of $0.05 per full option, risk free rate of 2.1%, weighted average volatility of 63%, and expected life of 3.15 years with no dividends expected. Total compensation amount for options granted was $22 related to employees of the Company which is included in general and administrative expense. Compensation costs of $293 related to employees of Equinox who received options as part of the Plan of Arrangement was recognized directly in deficit as the cost of these options was treated as a distribution to Equinox.

(c) Restricted share units

As part of the Arrangement, RSU and pRSU holders of Equinox received RSUs and pRSUs of Solaris which are proportionate to, and reflective of the terms of, their existing RSUs / pRSUs of Equinox. A total of 8,317,768 RSUs and pRSUs are outstanding with each entitling the holder to 1/10th of a Solaris share.

(Expressed in thousands of United States dollars, except share and per share amounts)

11. SHARE CAPITAL (CONTINUED)

	RSUs and pRSUs outstanding	Shares issuable
Balance, December 31, 2017	-	-
Issued as a result of the transaction	8,970,155	897,009
Exercised	(637,387)	(63,738)
Cancelled	(15,000)	(1,500)
Balance, December 31, 2018	8,317,768	831,771

Total compensation expense for RSUs and pRSU's granted was $25 related to employees of the Company which is included in general and administrative expense. Compensation costs of $360 related to employees of Equinox who received RSUs and pRSUs as part of the Plan of Arrangement was recognized directly in deficit as the cost of these RSUs and pRSUs was treated as a distribution to Equinox.

12. EXPLORATION EXPENDITURES

For the year ended December 31,		2018		2017
Personnel and travel	$	880	$	508
Permitting and community		760		644
Concession fees		442		340
Field and general		360		235
Depreciation		6		2
	$	2,448	$	1, 729

13. GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended December 31,		2018		2017
Professional fees	$	304	$	49
Stock based compensation		49		-
Marketing and travel		47		-
Office and other		150		83
	$	550	$	132

14. SEGMENTED INFORMATION

The Company has determined that it has one operating segment, being the exploration of mineral properties.

Information about the Company's non-current assets by jurisdiction is detailed below:

As at December 31,		2018		2017
Ecuador	$	195	$	189
Chile		262		262
Mexico		19,768		19,771
Peru		-		1
Canada		1,673		-
	$	21,898	$	20,223

(Expressed in thousands of United States dollars, except share and per share amounts)

14. SEGMENTED INFORMATION (CONTINUED)

The Company has determined that it has one operating segment, being the exploration of mineral properties.

Information about the Company's exploration expenditures by property are as follows:

For the year ended December 31,		2018		2017
Warintza (Ecuador)	$	1,702	$	1,218
La Verde (Mexico)		108		-
Ricardo (Chile)		214		152
Other		424		359
	$	2,448	$	1,729

15. NON-CONTROLLING INTEREST

The Company, through it 60% ownership of Minera Torre de Oro SAPI de CV, controls the La Verde project, with a non-controlling interest accounting for the 40% owned by Teck Resources.

Summarized financial information for the La Verde project is as follows:

		2018		2017
Current assets	$	50	$	47
Non-current assets		19,768		19,771
Current liabilities		38		5
Net loss	$	108	$	6
Attributable to Solaris shareholders		65		6
Attributable to Teck shareholders		43		-

16. INCOME TAX

Income tax recovery differs from the amount that would result from applying the Canadian federal and provincial income tax rates to loss before income taxes. These differences result from the following items:

		2018		2017
Loss before income taxes	$	(2,063)	$	(1,854)
Combined federal and provincial income tax rates		27%		26%
Expected income tax recovery		(557)		(482)
Non-deductible expenses		59		31
Change in fair value of derivative assets		(250)		-
Expiry of losses		356		-
Effect of change in tax rates		21		(162)
Tax effect of deferred tax assets for which no tax benefit has been recognized		28		775
Foreign exchange and other		343		162
Income tax recovery	$	-	$	-

(Expressed in thousands of United States dollars, except share and per share amounts)

16. INCOME TAX CONTINUED

Unused tax losses and other deductible temporary differences, for which deferred tax assets have not been recognized are as follows:

	2018	2017
Non-capital losses (see below for expiry)	$ 18,630	$ 19,199
Exploration and evaluation expenditures	15,930	15,046
Other	590	612
	$ 35,150	$ 34,857

In assessing the recoverability of deferred tax assets other than deferred tax assets resulting from the initial recognition of assets and liabilities that do not affect accounting or taxable profit, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company has not recognized deferred tax assets for any temporary differences as their utilization is not considered probable at this time.

The non-capital losses may be applied to reduce future years taxable income. The loss carryforwards are in respect of Canadian, Peruvian, Chilean and Mexican operations and expire as follows:

	2018	Expiry	2017	Expiry
Canada	$ 420	2024-2038	$ 265	2024-2037
Peru	1,544	2019-2022	1,329	2019-2021
Chile	659	No expiry	611	No expiry
Mexico	16,007	2019-2028	16,994	2018-2027
	$ 18,630		19,199	

17. CAPITAL MANAGEMENT

The Company's primary objective when managing capital is to ensure that it will be able to continue as a going concern and that it has the ability to satisfy its capital obligations and ongoing operational expenses, as well as having sufficient liquidity to fund suitable business opportunities as they arise.

The capital of the Company includes the components of equity and payable to Equinox net of cash and cash equivalents. Capital is summarized in the following table:

	December 31, 2018	December 31, 2017
Equity	$ 12,904	$ 12,289
Payable to Equinox	1,274	-
	14,178	12,289
Cash and cash equivalents	(241)	(92)
	$ 13,937	$ 12,197

The Company manages its capital structure and make adjustments to it as necessary. In order to maintain the capital structure, the Company may, from time to time, issue or buy back equity, repay debt, or sell assets. The Company manages and makes adjustments to its capital structure in light of economic conditions. The Company, upon approval from its Board of Directors, intends to balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

(Expressed in thousands of United States dollars, except share and per share amounts)

18. FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management process.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's financial assets.

The Company is primarily exposed to credit risk on its cash and amounts receivable. Credit risk exposure is limited through maintaining its cash with high-credit quality financial institutions. The carrying value of these financial assets of $310 represents the maximum exposure to credit risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short term business requirements after taking into account the Company's holdings of cash. The accounts payable of $155 is due within the next year while the amounts payable to Equinox are classified as long-term these amounts are not required to be repaid in the next year.

(c) Foreign currency risk:

The Company's functional currency is the US dollar. The Company is exposed to currency risk on transactions and balances in currencies other than the functional currency, primarily the Canadian dollar, Mexican Peso, Peruvian Sol and Chilean Peso. At December 31, 2018 and 2017, the Company had not entered into any contracts to manage foreign exchange risk.

Financial assets and liabilities denominated in currencies other than the US dollar are as follows:

	December 31, 2018		December 31, 2017	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
Canadian dollars	$ 6	$ 1	$ 6	$ -
Peruvian sols	7	38	18	38
Chilean peso	5	7	8	18
Mexican peso	25	19	39	5
	$ 43	$ 65	$ 71	$ 61

Of the financial assets listed above, $6 represents cash and cash equivalents held in Canadian dollars. Minimal cash is held in other currencies. At December 31, 2018, with other variables unchanged, a 10% change in the US dollar against any of the list currencies would have a minimal effect on net loss.

(Expressed in thousands of United States dollars, except share and per share amounts)

19. FAIR VALUE MEASUREMENTS

As at December 31, 2018, the Company's derivative assets are measured at fair value using Level 2 inputs. The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their short terms to maturity. The fair value of amounts due to Equinox are difficult to determine as they are amounts owed to a significant shareholder.

There were no transfers between fair value levels during the periods presented.

The following table provides the fair value of each classification of financial instrument:

		December 31, 2018		December 31, 2017
Financial assets:				
Financial assets at amortized cost:				
Cash and cash equivalents	$	241	$	92
Amounts receivable		70		37
Financial assets at FVTPL:				
Derivative asset related to obligation to issue shares on exercise of Equinox Warrants		1,673		-
Total financial assets		1,984		129
Financial liabilities:				
Accounts payable and accrued liabilities		155		144
Due to Equinox		1,274		-
Total financial liabilities	$	1,429	$	144

20. RELATED PARTY TRANSACTIONS

Equinox holds 40% of the outstanding shares of Solaris. During the year ended December 31, 2018, the Company received $3,063 (2017 - $1,722) in funding from Equinox.

Upon closing of the Arrangement the Company entered into a Management Services Agreement with Equinox to provide office and other services to the Company. Under this agreement, the Company incurred expenses of $48 for the year ended December 31, 2018. The balance remains payable at December 31, 2018.

At December 31, 2018, $1,274 (2017 - $nil) remains in payable to Equinox, including amounts payable under the Management Services Agreement. These amounts are non-interest bearing, unsecured and payable at the discretion of the Company.

The key management of the Company comprises executive and non-executive directors and members of management. The Company paid $nil (2017 - $nil) in monetary compensation to the Company's directors and members of management during 2018. In conjunction with the Arrangement with Equinox, Solaris granted 1,195,188 stock options exercisable into 119,518 shares and 82,662 RSUs to directors and key management personnel for which $49 in share-based compensation has been recognized. The total value of the options and RSUs granted is $58.

21. SUBSEQUENT EVENTS

On March 18, 2019 the Company closed a non-brokered private placement financing of 15,736,000 common shares at CAD$0.25 per share for gross proceeds of CAD$3,934. No commissions or fees were paid in connection with the private placement. The common shares issued are subject to a four-month hold period expiring on July 19, 2019. Two members of management participated in the financing, acquiring 80,000 shares for CAD$20.