ENTRÉE
RESOURCES

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)

Years Ended December 31, 2018 and 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Entrée Resources Ltd.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Entrée Resources Ltd. (the "Company"), as of December 31, 2018, 2017 and January 1, 2017, and the related consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years ended December 31, 2018 and 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Entrée Resources Ltd. as of December 31, 2018, 2017 and January 1, 2017, and the results of its operations and its cash flows for the years ended December 31, 2018 and 2017, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Change in Accounting Principle

Without qualifying our opinion on the consolidated financial statements, we draw attention to Note 4 to the financial statements, which indicates that the Company has changed its method of accounting for its deferred revenue in 2018 due to adoption of IFRS 15 – Revenue from Contracts with Customers.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatements of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 1997.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

March 29, 2019

Entrée Resources Ltd.

Consolidated Statements of Financial Position

As at December 31, 2018, 2017 and January 1, 2017

(expressed in thousands of U.S. dollars, except where indicated)

	Note	December 31, 2018	December 31, 2017	January 1, 2017
Assets				
Current assets				
Cash and cash equivalents		**$ 6,154**	$ 7,068	$ 13,391
Investments	6	**912**	-	-
Receivables and prepaid expenses		**68**	382	310
		7,134	7,450	13,701
Non-current assets				
Property and equipment	7	**87**	112	68
Mineral property interests	9	**-**	532	38,875
Long-term investments	8	**199**	151	146
Reclamation deposits and other		**12**	12	490
		298	807	39,579
Total assets		**$ 7,432**	$ 8,257	$ 53,280
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	20	**$ 346**	$ 247	$ 455
		346	247	455
Non-current liabilities				
Other deferred liabilities		**44**	-	-
Loan payable to Oyu Tolgoi LLC	10	**8,380**	7,841	7,334
Deferred revenue	11	**38,411**	24,658	22,987
Deferred income tax	15	**-**	-	3,015
		46,835	32,499	33,336
Total liabilities		**47,181**	32,746	33,791
Shareholders' equity (deficiency)				
Share capital	12	**172,955**	172,308	178,740
Share subscriptions received in advance		**-**	-	559
Reserves		**22,199**	22,175	20,863
Accumulated other comprehensive income (loss)		**1,688**	(1,684)	-
Deficit		**(236,591)**	(217,288)	(180,673)
Total shareholders' equity (deficiency)		**(39,749)**	(24,489)	19,489
Total liabilities and shareholders' equity (deficiency)		**$ 7,432**	$ 8,257	$ 53,280

Nature of operations (Note 1)

Plan of arrangement and discontinued operations (Note 5)

Commitments and contingencies (Note 19)

Subsequent events (Note 22)

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

Entrée Resources Ltd.

Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2018 and 2017

(expressed in thousands of U.S. dollars, except where indicated)

	Note	2018	2017
Expenses			
Exploration	14	**$ 175**	$ 332
General and administrative		**1,145**	1,656
Share-based compensation	12	**506**	678
Depreciation	7	**22**	20
Other		**(13)**	192
Operating loss		**1,835**	2,878
Unrealized loss on investments	6	**73**	-
Foreign exchange loss (gain)		**287**	(380)
Interest income		**(111)**	(116)
Interest expense	10	**307**	287
Loss from equity investee	8	**175**	215
Deferred revenue finance costs	11	**2,985**	-
Gain on sale of mining property interest	9	**(353)**	-
Loss on the Arrangement	5	**-**	33,627
Loss before income taxes		**5,198**	36,511
Income tax recovery	15	**-**	(72)
Net loss from continuing operations		**5,198**	36,439
Discontinued operations			
Net loss from discontinued operations	5	**-**	176
Net loss for the year		**5,198**	36,615
Other comprehensive (income) loss			
Foreign currency translation		**(3,372)**	1,684
Total net loss and comprehensive loss		**$ 1,826**	$ 38,299
Net loss per common share			
Basic and fully diluted – continuing operations		**$ (0.03)**	$ (0.21)
Basic and fully diluted – discontinued operations		**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding			
Basic and fully diluted (000's)		**174,344**	172,259
Total common shares issued and outstanding (000's)	12	**174,807**	173,573

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

Entrée Resources Ltd.

Consolidated Statements of Changes in Shareholders’ Equity (Deficiency)

For the years ended December 31, 2018 and 2017

(expressed in thousands of U.S. dollars, except where indicated)

	Note	Number of Shares (000’s)	Share capital	Reserves	Accumulated other comprehensive income (loss)	Subscriptions received in advance	Deficit	Total
Balance at January 1, 2017		153,045	$ 178,740	$ 20,863	$ -	$ 559	$ (180,673)	$ 19,489
Net loss and comprehensive loss		-	-	-	(2,481)	-	(36,615)	(39,096)
Share-based compensation	12	-	-	632	-	-	-	632
Transfer of net assets to Mason Resources	5	-	(11,595)	-	797	-	-	(10,798)
Issuance of share capital – inducement bonus shares	12	100	37	-	-	-	-	37
Issuance of share capital – private placement	12	18,529	4,478	1,129	-	(559)	-	5,048
Issuance of share capital – share options	12	1,899	648	(449)	-	-	-	199
Balance at December 31, 2017		173,573	$ 172,308	$ 22,175	$ (1,684)	$ -	$ (217,288)	$ (24,489)
Net loss and comprehensive income		**-**	**-**	**-**	**3,372**	**-**	**(5,198)**	**(1,826)**
IFRS adjustments	4(o)	**-**	**-**	**-**	**-**	**-**	**(14,105)**	**(14,105)**
Share-based compensation	12	**-**	**-**	**506**	**-**	**-**	**-**	**506**
Issuance of share capital – share options	12	**1,234**	**647**	**(482)**	**-**	**-**	**-**	**165**
Balance at December 31, 2018		**174,807**	**$ 172,955**	**$ 22,199**	**$ 1,688**	**$ -**	**$ (236,591)**	**$ (39,749)**

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

Entrée Resources Ltd.

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(expressed in thousands of U.S. dollars, except where indicated)

	Note	2018	2017
Cash flows used in operating activities			
Net loss from continuing operations		**$ (5,198)**	$ (36,439)
Items not affecting cash:			
Depreciation		**22**	20
Share-based compensation	12	**506**	678
Loss from equity investee	8	**175**	215
Interest expense	10	**307**	287
Income tax recovery	15	**-**	(72)
Gain on sale of mining property interest	9	**(353)**	-
Unrealized loss on held-for-trading investments	6	**73**	-
Unrealized foreign exchange losses (gains)		**249**	(1,471)
Loss on the Arrangement	5	**-**	33,627
Deferred revenue finance costs	11	**2,985**	-
Other		**(9)**	11
		(1,243)	(3,144)
Changes in non-cash operating working capital:			
Decrease (increase) in receivables and prepaid expenses		**333**	(351)
Increase in other assets		**-**	(3)
Increase (decrease) in accounts payable and accruals		**133**	(102)
Discontinued operations	5	**-**	604
		(777)	(2,996)
Cash flows used in investing activities			
Net cash outflow on sale of mining property interest	9	**(120)**	-
Purchase of equipment		**(6)**	(100)
Cash paid in connection with the Arrangement	5	**-**	(8,843)
		(126)	(8,943)
Cash flows from financing activities			
Proceeds from issuance of common shares – private placement	12	**-**	5,038
Proceeds from issuance of common shares – share options	12	**165**	199
		165	5,237
Decrease in cash and cash equivalents		**(738)**	(6,702)
Cash and cash equivalents - beginning of year		**7,068**	13,391
Effect of exchange rate changes on cash and cash equivalents		**(176)**	379
Cash and cash equivalents - end of year		**$ 6,154**	$ 7,068

Cash and cash equivalents is represented by:

Cash		**$ 6,120**	$ 7,031
Cash equivalents		**34**	37
Total cash and cash equivalents		**$ 6,154**	$ 7,068

Supplemental cash flow information (Note 18)

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

1 Nature of operations

Entrée Resources Ltd., together with its subsidiaries (collectively referred to as the "Company" or "Entrée"), is focused on the exploration of mineral property interests. The Company is principally focused on its Entrée/Oyu Tolgoi Joint Venture Project in Mongolia.

The Company has its primary listing in Canada on the Toronto Stock Exchange ("TSX") and secondary listing in the United States on the NYSE American LLC ("NYSE American"). The Company's registered office is at Suite 2900, 550 Burrard Street, Vancouver, BC, V6C 0A3, Canada.

All amounts are expressed in United States dollars, except for certain amounts denoted in Canadian dollars ("C$").

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 estimates it has sufficient working capital to continue operations for the upcoming year.

2 Basis of presentation and first-time adoption of IFRS

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 are the Company's first consolidated financial statements prepared in accordance with IFRS.

These consolidated financial statements have been prepared on a going concern basis, and in making the assessment that the Company is a going concern, management have taken into account all available information about the future, which is at least, but is not limited to, twelve months from December 31, 2018.

During the year ended December 31, 2018, the Company changed its reporting framework from accounting principles generally accepted in the United States of America ("US GAAP") to IFRS. An explanation of how the transition to IFRS has affected the Company`s statement of financial position and statement of comprehensive loss, previously reported in accordance with US GAAP, is provided in Note 21.

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 29, 2019.

3 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ materially from those estimates.

Significant estimates and judgements used in the preparation of these consolidated financial statements include: plan of arrangement – fair value of net assets distributed; determination of functional currencies; recoverable amount of property and equipment; title to mineral properties; share-based compensation; and income taxes. Estimates that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

a) Plan of arrangement – fair value of net assets distributed

On May 9, 2017, the Company completed a plan of arrangement (the "Arrangement") under Section 288 of the Business Corporations Act (British Columbia) ("BCBCA") pursuant to which Entrée transferred its wholly owned subsidiaries that directly or indirectly hold the Ann Mason Project in Nevada and the Lordsburg property in New Mexico to Mason Resources Corp. ("Mason Resources"). Accounting for this transaction involves critical judgements and estimates in determining the fair value of the net assets distributed. In performing an analysis, the Company relied on Mason Resources' share price to calculate the fair value of net assets transferred.

b) Determination of functional currencies

The determination of the Company's functional currency is a matter of judgment based on an assessment of the specific facts and circumstances relevant to determining the primary economic environment of each individual entity within the group. The Company reconsiders the functional currencies used when there is a change in events and conditions considered in determining the primary economic environment of each entity.

c) Income taxes

The Company must make significant estimates in respect of the provision for income taxes and the composition of its deferred income tax assets and deferred income tax liabilities. The Company's operations are, in part, subject to foreign tax laws where interpretations, regulations and legislation are complex and continually changing. As a result, there are usually some tax matters in question which may, on resolution in the future, result in adjustments to the amount of current or deferred income tax assets or liabilities, and those adjustments may be material to the Company's statement of financial position and results of operations.

The determination of the ability of the Company to utilize tax losses carried forward to offset income taxes payable in the future and to utilize temporary differences which will reverse in the future requires management to exercise judgment and make assumptions about the Company's future performance. Management is required to assess whether the Company is more likely than not able to benefit from these tax losses and temporary differences. Changes in the timing of project completion, economic conditions, metal prices and other factors having an impact on future taxable income streams could result in revisions to the estimates of benefits to be realized or the Company's assessments of its ability to utilize tax losses before expiry. These revisions could result in material adjustments to the consolidated financial statements.

d) Share-based compensation

The Company uses the Black-Scholes option pricing model for the valuation of share-based compensation. Option pricing models require the input of the subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's net loss and reserves.

4 Significant accounting policies

The accounting policies set out below have been applied consistently by the Company and all of its wholly owned subsidiaries and to all periods presented in these consolidated financial statements and in preparing the opening IFRS statement of financial position at January 1, 2017 for the purposes of the transition to IFRS.

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The Company's significant subsidiaries are Entrée LLC and Entrée Resources LLC.

Wholly owned subsidiaries are entities in which the Company has direct or indirect control, where control is defined as the investor's power over an investee with exposure, or rights, to variable returns from the investee and the ability to affect the investor's returns through its power over the investee. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intercompany transactions and balances have been eliminated on consolidation.

b) Foreign currency translation

The functional currency of Entrée Resources Ltd. is the Canadian dollar. Accordingly, monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the statement of financial position date while non-monetary assets and liabilities denominated in a foreign currency are translated at historical rates. Revenue and expense items denominated in a foreign currency are translated at exchange rates prevailing when such items are recognized in the statement of comprehensive loss. Exchange gains or losses arising on translation of foreign currency items are included in the statement of comprehensive loss. The functional currency of Entrée Resources Ltd.'s significant subsidiaries is the United States dollar. Upon translation into Canadian dollars for consolidation, monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenue and expense items are translated at exchange rates prevailing when such items are recognized in the statement of comprehensive loss. Exchange gains or losses arising on translation of foreign currency items are included in the statement of comprehensive loss.

The Company follows the current rate method of translation with respect to its presentation of these consolidated financial statements in the reporting currency, which is the United States dollar. Accordingly, assets and liabilities are translated into United States dollars at the period-end exchange rates while revenue and expenses are translated at the prevailing exchange rates during the period. Related exchange gains and losses are included in a separate component of shareholders' equity (deficiency) as accumulated other comprehensive income (loss).

c) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss.

Financial assets at FVTOCI

Financial assets at FVTOCI are initially recorded at fair value adjusted for transaction costs. Dividends are recognized as income in the consolidated statements of comprehensive income (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.

Impairment

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

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

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive income (loss).

d) Cash and cash equivalents

Cash and cash equivalents include cash in banks, money market funds, and certificates of term deposits with maturities of less than three months from inception, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of loss in value.

e) Exploration and evaluation assets

All direct costs related to the acquisition of mineral property interest are capitalized in the period incurred.

Exploration and evaluation costs are charged to operations in the period incurred until such time as it has been determined that a mineral property has proven and probable reserves and the property is economically viable, in which case subsequent evaluation costs incurred to develop a mineral property are capitalized.

f) Property, plant and equipment

Mineral property interests and mine development costs

All exploration and evaluation expenditures and property maintenance costs incurred for projects outside the boundary of a known mineral deposit containing proven and probable reserves are expensed as incurred to the date of establishing that property costs are economically recoverable.

Development expenditures are those incurred subsequent to the establishment of economic recoverability and after a number of key development and milestones have been achieved. These milestones include obtaining sufficient financial resources, permits, and licenses to develop the mineral property. Development costs are capitalized and included in the carrying amount of the related property.

Mineral property and mine development costs capitalized are amortized using the units-of-production method over the estimated life of the proven and probable reserves.

Property and equipment

Items of plant and equipment are recorded at cost less accumulated depletion and amortization. Cost includes all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management, including estimated decommissioning and restoration costs and, where applicable, borrowing costs. If significant parts of an item of plant and equipment have different useful lives, then they are accounted for as separate items (major components) of plant and equipment.

Depreciation is recorded on a declining balance basis at rates ranging from 20% to 30% per annum.

No depletion and amortization is recorded until the asset is substantially complete and available for its intended use.

Impairment of non-current assets

The Company reviews the carrying amounts of its non-financial assets every reporting period. If there is any indication that the assets or cash-generating unit (“CGU”) may not be fully recoverable, the recoverable amount of the asset or CGU is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or CGU 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 cost to sell is the amount obtainable from the sale of an asset or CGU in an arm’s length transaction between knowledgeable, willing parties, less the cost 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. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

g) Long-term investments

Long-term investments in companies in which the Company has voting interests of 20% or more or where the Company has the ability to exercise significant influence, are accounted for using the equity method. Under this method, the Company's share of the investees' earnings and losses is included in operations and its investments therein are adjusted by a like amount. Dividends received are credited to the long-term investment accounts.

h) Decommissioning obligations

The Company recognizes liabilities for statutory, contractual, legal or constructive obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for a decommissioning obligation is recognized at its net present value in the period in which it is incurred, using a discounted cash flow technique with market-based risk-free discount rates and estimates of the timing and amount of the settlement of the obligation.

Upon initial recognition of the liability, the corresponding decommissioning cost is added to the carrying amount of the related asset. Following initial recognition of the decommissioning obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to significant estimates including the current discount rate, the amount or timing of the underlying cash flows needed to settle the obligation and the requirements of the relevant legal and regulatory framework. Subsequent changes in the provisions resulting from new disturbance, updated cost estimates, changes to estimated lives of operations and revisions to discount rates are also capitalized to the related property, plant and equipment. Amounts capitalized to the related property, plant and equipment are depreciated over the lives of the assets to which they relate. The amortization or unwinding of the discount applied in establishing the net present value of provisions is charged to expense and is included within finance costs in the consolidated statement of comprehensive loss.

i) Other provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

j) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred taxes are recognized in the consolidated statements of comprehensive income (loss) except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of unused tax losses and credits, as well as temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on enacted or substantively enacted laws at the reporting date.

The Company computes the provision for deferred income taxes under the liability method. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profits will be available against which they can be utilized. Future taxable profits are estimated using an income forecast derived from cash flow projections, based on detailed life-of-mine plans and corporate forecasts. Where applicable, the probability of utilizing tax losses or credits is evaluated by considering risks relevant to future cash flows, and the expiry dates after which these losses or credits can no longer be utilized.

Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries, associates and joint arrangements to the extent that it is probable that they will not reverse in the foreseeable future.

The Company is subject to assessments by various taxation authorities, who may interpret tax legislation differently from the Company. The final amount of taxes to be paid depends on a number of factors, including the outcomes of audits, appeals or negotiated settlements. Such differences are accounted for based on management's best estimate of the probable outcome of these matters.

The Company must make significant estimates and judgments in respect of its provision for income taxes and the composition and measurement of its deferred income tax assets and liabilities. The Company's operations are, in part, subject to foreign tax laws where interpretations, regulations and legislation are complex and continually changing. As a result, there are usually some tax matters in question that may, upon resolution in the future, result in adjustments to the amount of deferred income tax assets and liabilities; those adjustments may be material.

k) Share-based compensation

The Company's stock option plan allows the Company's directors, officers, employees, and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in reserves. 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. Where options are subject to vesting, each vesting tranche is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. Share-based compensation expense is recognized over the tranche's vesting period by a charge to profit or loss. For employees, the compensation expense is amortized on a straight-line basis over the requisite service period which approximates the vesting period. Compensation expense for share options granted to non-employees is recognized over the contract services period or, if none exists, from the date of grant until the options vest. Compensation associated with unvested options granted to non-employees is re-measured on each statement of financial position date.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of options that are expected to vest. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based compensation. Otherwise, share-based compensation is measured at the fair value of goods or services received.

l) Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average common shares outstanding are increased to include additional shares for the assumed exercise of share options and share purchase warrants, if dilutive. The number of additional common shares is calculated by assuming that outstanding share options and share purchase warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods.

m) Related party transactions

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

n) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued based on the relative fair value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

o) Changes in accounting principles

With the implementation of IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") as of January 1, 2018, the Company has determined that its precious metals stream contract contains a significant financing component. As such, the Company now recognizes a financing charge at each reporting period and will gross up the deferred revenue balance to recognize the significant financing element that is part of this contract.

On the adoption of IFRS 15, the Company recorded an adjustment of $14.1 million to opening January 1, 2018 deficit and a corresponding adjustment to deferred revenue balance. Adjustment is due to a change in the transaction price for the Company's streaming agreement as a result of the existence of a significant financing component at a discount rate of 8%.

Critical judgements were required in the adoption of IFRS 15 for stream accounting in determining appropriate discount rates for the significant financing component. In addition, significant judgement was required in determining if the stream transaction are not derivatives as such obligations will be satisfied through the delivery of non-financial items (i.e. metal credits) rather than cash or financial assets.

<u>IFRS 9 – Financial Instruments</u>

The Company adopted all of the requirements of IFRS 9 – Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets / liabilities	Original classification IAS 39	New classification IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Investments	N/A	FVTPL
Receivables	Amortized costs	Amortized costs
Reclamation deposits	Amortized costs	Amortized costs
Accounts payable and accrued liabilities	Amortized costs	Amortized costs
Loan payable to Oyu Tolgoi LLC	Amortized costs	Amortized costs

The Company did not restate prior periods and determined that the adoption of IFRS 9 resulted in no impact to the opening accumulated other comprehensive income (loss).

p) New standards not yet adopted

The following standards and pronouncements have been issued by the IASB and have not yet been adopted by the Company. The Company is currently evaluating the impact the new and amended standards are expected to have on its consolidated financial statements. Pronouncements that are not applicable to the Company have been excluded from those described below.

IFRS 16, Leases, 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 standard will come into effect for annual periods beginning on or after January 1, 2019. This standard is required to be adopted either retrospectively or using a modified retrospective approach. Except for the Company's office lease, the Company does not expect the impact of this new standard on its consolidated financial statements to be material.

5 Plan of arrangement and discontinued operations

On May 9, 2017, the Company completed the Arrangement under Section 288 of the BCBCA pursuant to which Entrée transferred its wholly owned subsidiaries that directly or indirectly hold the Ann Mason Project in Nevada and the Lordsburg property in New Mexico including $8,843,232 in cash and cash equivalents to Mason Resources in exchange for 77,805,786 common shares of Mason Resources (the "Mason Common Shares"). Mason Resources commenced trading on the TSX on May 12, 2017 under the symbol "MNR".

As part of the Arrangement, Entrée then distributed its 77,805,786 Mason Common Shares to Entrée shareholders by way of a share exchange, pursuant to which each existing share of Entrée was exchanged for one "new" share of Entrée and 0.45 of a Mason Common Share. Optionholders and warrantholders of Entrée received replacement options and warrants of Entrée and options and warrants of Mason Resources which were proportionate to, and reflective of the terms of, their existing options and warrants of Entrée.

The discontinued operations include three entities transferred to Mason Resources pursuant to the Arrangement: Mason U.S. Holdings Inc.; Mason Resources (US) Inc.; and M.I.M. (U.S.A.) Inc. (collectively the "US Subsidiaries").

In accordance with International Financial Reporting Interpretations Committee ("IFRIC") 17, Distribution of Non-cash Assets to Owners, the Company recognized the spin-off distribution of net assets at fair value with the difference between that value, including the foreign currency translation adjustment, and the carrying amount of the net assets recognized in the Consolidated Statements of Comprehensive Loss. In connection with the Arrangement, the Company incurred restructuring costs of $0.2 million which was charged to equity as these costs are directly attributable to the Arrangement. Upon completion of the Arrangement, the Company recognized a loss of $33.6 million on the spin out of Mason Resources including a reclassification of foreign currency translation adjustment of $0.8 million. This amount represents the impairment loss on the Company's mineral property interests prior to spin-out.

The Arrangement resulted in a reduction of share capital in the amount of $11.4 million, being the fair value of the net assets distributed.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

	May 9, 2017
Current assets	
Cash	**$ 8,843**
Receivables and prepaids	**137**
	8,980
Long-term assets	
Equipment	**25**
Mineral property interest	**37,699**
Reclamation deposits and other	**481**
	38,205
Current liabilities	
Accounts payable and accrued liabilities	**(34)**
Long-term liabilities	
Deferred income taxes	**(2,937)**
Carry value of net assets	**44,214**
Fair value of net assets	**11,384**
	(32,830)
Foreign currency translation adjustment	**(797)**
Loss on the Arrangement	**$ (33,627)**

The net loss from the US Subsidiaries has been reclassified to net loss from discontinued operations as follows:

	2017
Expenses	
Exploration	**$ 239**
General and administrative	**19**
Depreciation	**4**
Foreign exchange gain	**(86)**
Net loss from discontinued operations	**$ 176**

6 Investments

On June 8, 2018, the Company acquired 478,951 common shares of Anglo Pacific Group PLC ("Anglo Pacific"), a public company listed on the London Stock Exchange ("LSE") and the TSX, through the sale of the Cañariaco Project Royalty (Note 9).

The common shares have been designated as FVTPL and any revaluation gains and losses, including any interest or dividend income, are included in profit and loss. The fair value of the common shares is determined based on the closing price on the LSE at each period end.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

	Cost	Accumulated unrealized loss	Foreign exchange loss	Fair value
Anglo Pacific common shares	$ 985	$ 25	$ 48	$ 912

Subsequent to the end of the year, the Company disposed of all its investment in common shares of Anglo Pacific for net proceeds of $1.0 million.

7 Property and equipment

	Office equipment	Computer equipment	Field equipment	Buildings	Total
Cost					
Balance, January 1, 2017	$ 42	$ 175	$ 55	$ 40	$ 287
Additions	50	2	-	45	97
Disposals	(40)	(40)	(19)	(43)	(117)
Foreign exchange	3	12	3	3	21
Balance at December 31, 2017	55	149	39	45	288
Additions	-	6	-	-	6
Disposals	-	-	-	-	-
Foreign exchange	(5)	(12)	(4)	(4)	(25)
Balance at December 31, 2018	**$ 50**	**$ 143**	**$ 35**	**$ 41**	**$ 269**
Accumulated depreciation					
Balance, January 1, 2017	$ (34)	$ (144)	$ (30)	$ (36)	$ (244)
Depreciation	(6)	(6)	(2)	(6)	(20)
Disposals	33	32	-	39	104
Foreign exchange	(1)	(12)	(1)	(2)	(16)
Balance at December 31, 2017	(8)	(130)	(33)	(5)	(176)
Depreciation	(8)	(5)	(2)	(7)	(22)
Disposals	-	-	-	-	-
Foreign exchange	1	10	4	1	16
Balance at December 31, 2018	**$ (15)**	**$ (125)**	**$ (31)**	**$ (11)**	**$ (182)**
Net book value					
January 1, 2017	$ 8	$ 31	$ 25	$ 4	$ 68
December 31, 2017	$ 47	$ 19	$ 6	$ 40	$ 112
December 31, 2018	**$ 35**	**$ 18**	**$ 4**	**$ 30**	**$ 87**

8 Long-term investments

Entrée/Oyu Tolgoi JV Property, Mongolia

The Company has a carried 20% participating joint venture interest in a land package that includes two of the Oyu Tolgoi deposits in the South Gobi region of Mongolia (the “Entrée/Oyu Tolgoi JV Property”). The Entrée/Oyu Tolgoi JV Property is comprised of the eastern portion of the Shivee Tolgoi mining licence, which hosts the Hugo North Extension copper-gold deposit, and all of the Javhlant mining licence, which hosts the majority of the Heruga copper-gold-molybdenum deposit. The Shivee Tolgoi and Javhlant mining licences were granted by the Mineral Resources Authority of Mongolia in October 2009. Title to the two licences is held by the Company. The Company is entitled to 20% or 30% of the mineralization extracted from the Entrée/Oyu Tolgoi JV Property, depending on the depth of mineralization.

In October 2004, the Company entered into an arm's-length Equity Participation and Earn-In Agreement (the "Earn-In Agreement") with Turquoise Hill Resources Ltd. ("Turquoise Hill"). Under the Earn-In Agreement, Turquoise Hill agreed to purchase equity securities of the Company, and was granted the right to earn an interest in what is now the Entrée/Oyu Tolgoi JV Property. Most of Turquoise Hill's rights and obligations under the Earn-In Agreement were subsequently assigned by Turquoise Hill to what was then its wholly-owned subsidiary, Oyu Tolgoi LLC ("OTLLC"). The Government of Mongolia subsequently acquired a 34% interest in OTLLC from Turquoise Hill.

On June 30, 2008, OTLLC gave notice that it had completed its earn-in obligations by expending a total of $35 million on exploration of the Entrée/Oyu Tolgoi JV Property. OTLLC earned an 80% interest in all minerals extracted below a sub-surface depth of 560 metres from the Entrée/Oyu Tolgoi JV Property and a 70% interest in all minerals extracted from surface to a depth of 560 metres from the Entrée/Oyu Tolgoi JV Property. In accordance with the Earn-In Agreement, the Company and OTLLC formed a joint venture (the "Entrée/Oyu Tolgoi JV") on terms annexed to the Earn-In Agreement (the "JVA").

The portion of the Shivee Tolgoi mining licence outside of the Entrée/Oyu Tolgoi JV Property, Shivee West, is 100% owned by the Company, but is subject to a right of first refusal by OTLLC. In October 2015, the Company entered into a License Fees Agreement with OTLLC, pursuant to which the parties agreed to negotiate in good faith to amend the JVA to include Shivee West in the definition of Entrée/Oyu Tolgoi JV Property. The parties also agreed that the annual licence fees for Shivee West would be for the account of each joint venture participant in proportion to their respective interests, with OTLLC contributing the Company's 20% share charging interest at prime plus 2% (Note 10).

The conversion of the original Shivee Tolgoi and Javhlant exploration licences into mining licences was a condition precedent to the Investment Agreement (the "Oyu Tolgoi Investment Agreement") between Turquoise Hill, OTLLC, the Government of Mongolia and Rio Tinto International Holdings Limited. The licences are part of the contract area covered by the Oyu Tolgoi Investment Agreement, although the Company is not a party to the Oyu Tolgoi Investment Agreement. The Shivee Tolgoi and Javhlant mining licences were each issued for a 30 year term and have rights of renewal for two further 20 year terms.

As of December 31, 2018, the Entrée/Oyu Tolgoi JV had expended approximately $31.2 million (December 31, 2017 - $30.1 million) to advance the Entrée/Oyu Tolgoi JV Property. Under the terms of the Entrée/Oyu Tolgoi JV, OTLLC contributed on behalf of the Company its required participation amount charging interest at prime plus 2% (Note 10).

Investment – Entrée/Oyu Tolgoi JV Property

The Company accounts for its interest in the Entrée/Oyu Tolgoi JV as a 20% equity investment. Historically, all Company expenditures related to its interest in the Entrée/Oyu Tolgoi JV have been expensed as incurred through the statement of comprehensive loss or recognized as part of the Company's share of the loss of the joint venture.

The Company's share of the loss of the joint venture was $0.2 million for the year ended December 31, 2018 (December 31, 2017 - $0.2 million). The joint venture has nominal current assets and liabilities, approximately $0.3 million of non-current assets and approximately $31 million of non-current liabilities. The loss for the joint venture for the year ended December 31, 2018 was approximately $0.9 million (2017 – approximately $0.9 million).

The Entrée/Oyu Tolgoi JV investment carrying value at December 31, 2018 was $0.2 million (December 31, 2017 - $0.2 million) and was recorded in long-term investment.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

9 Mineral property interests

Cañariaco Project Royalty, Peru

In August 2015, the Company acquired from Candente Copper Corp. (TSX:DNT) ("Candente") a 0.5% net smelter returns royalty (the "Cañariaco Project Royalty") on Candente's 100% owned Cañariaco copper project in Peru for a purchase price of $500,000.

In June 2018, the Company sold the Cañariaco Project Royalty to Anglo Pacific, whereby the Company transferred all the issued and outstanding shares of its subsidiaries that directly or indirectly hold the Cañariaco Project Royalty to Anglo Pacific in return for consideration of $1.0 million, payable by the issuance of 478,951 Anglo Pacific common shares. In addition, Entrée retains the right to a portion of any future royalty income received by Anglo Pacific in relation to the Cañariaco Project Royalty ("Royalty Pass-Through Payments") as follows:

- 20% of any royalty payment received for any calendar quarter up to and including December 31, 2029;
- 15% of any royalty payment received for any calendar quarter commencing January 1, 2030 up to and including the quarter ending December 31, 2034; and
- 10% of any royalty payment received for any calendar quarter commencing January 1, 2035 up to and including the quarter ending December 31, 2039.

In accordance with IFRS, the Company has attributed a value of $nil to the Royalty Pass-Through Payments since realization of the proceeds is contingent upon several uncertain future events not wholly within the control of the Company.

The Company recognized a gain on the sale of the Cañariaco Project Royalty of $0.4 million as outlined below.

Consideration received	$	**1,000**
Mineral property interest cost - Cañariaco Project Royalty		**(532)**
Transaction costs		**(115)**
Gain on sale	**$**	**353**

The fair value of the common shares received was based on the trading share price at GBP1.57 ($2.09) per common share. The common shares received have been designated as FVTPL (Note 6).

Other Properties

The Company also has interests in other properties in Mongolia (Shivee West property) and Australia (Blue Rose joint venture). During fiscal 2014, the Company recorded an impairment against the property in Australia and, as a result, there was $nil recognized as an asset on the statement of financial position.

On January 1, 2017, the Company owned the Ann Mason Project in Nevada and the Lordsburg property in New Mexico, which were transferred to Mason Resources per the Arrangement (Note 5) on May 9, 2017.

10 Loan payable to Oyu Tolgoi LLC

Under the terms of the Entrée/Oyu Tolgoi JV (Note 8), Entrée has elected to have OTLLC contribute funds to approved joint venture programs and budgets on the Company's behalf. Interest on each loan advance shall accrue at an annual rate equal to OTLLC's actual cost of capital or the prime rate of the Royal Bank of Canada, plus two percent (2%) per annum, whichever is less, as at the date of the advance. The loan will be repayable by the Company monthly from ninety percent (90%) of the Company's share of available cash flow from the Entrée/Oyu Tolgoi JV. In the absence of available cash flow, the loan will not be repayable. The loan is not expected to be repaid within one year. During the year ended December 31, 2018, the Company recorded interest expense of $0.3 million in connection with the loan (December 31, 2017 - $0.3 million).

11 Deferred revenue

In February 2013, the Company entered into an equity participation and funding agreement (the "2013 Agreement") with Sandstorm Gold Ltd. ("Sandstorm") whereby Sandstorm provided an upfront deposit (the "Deposit") of $40 million. The Company will use future payments that it receives from its mineral property interests to purchase and deliver metal credits to Sandstorm, in amounts that are indexed to the Company's share of gold, silver and copper production from the current Entrée/Oyu Tolgoi JV Property. Upon the delivery of metal credits, Sandstorm will also make the cash payment outlined below. In addition, the 2013 Agreement provided for a partial refund of the Deposit and a pro rata reduction in the number of metal credits deliverable to Sandstorm in the event of a partial expropriation of Entrée's economic interest, contractually or otherwise, in the current Entrée/Oyu Tolgoi JV Property.

On February 23, 2016, the Company and Sandstorm entered into an Agreement to Amend, whereby the Company refunded 17% of the Deposit ($6.8 million) (the "Refund") in cash and shares thereby reducing the Deposit to $33.2 million for a 17% reduction in the metal credits that the Company is required to deliver to Sandstorm. At closing on March 1, 2016, the parties entered into an Amended and Restated Equity Participation and Funding Agreement (the "Amended Sandstorm Agreement"). Under the terms of the Amended Sandstorm Agreement, the Company will purchase and deliver gold, silver and copper credits equivalent to:

- 28.1% of Entrée's share of gold and silver, and 2.1% of Entrée's share of copper, produced from the Shivee Tolgoi mining licence (excluding Shivee West); and
- 21.3% of Entrée's share of gold and silver, and 2.1% of Entrée's share of copper, produced from the Javhlant mining licence.

Upon the delivery of metal credits, Sandstorm will make a cash payment to the Company equal to the lesser of the prevailing market price and $220 per ounce of gold, $5 per ounce of silver and $0.50 per pound of copper (subject to inflation adjustments). After approximately 8.6 million ounces of gold, 40.3 million ounces of silver and 9.1 billion pounds of copper have been produced from the entire current Entrée/Oyu Tolgoi JV Property the cash payment will be increased to the lesser of the prevailing market price and $500 per ounce of gold, $10 per ounce of silver and $1.10 per pound of copper (subject to inflation adjustments). To the extent that the prevailing market price is greater than the amount of the cash payment, the difference between the two will be credited against the Deposit (the net amount of the Deposit being the "Unearned Balance").

This arrangement does not require the delivery of actual metal, and the Company may use revenue from any of its assets to purchase the requisite amount of metal credits.

Under the Amended Sandstorm Agreement, Sandstorm has a right of first refusal, subject to certain exceptions, on future production-based funding agreements. The Amended Sandstorm Agreement also contains other customary terms and conditions, including representations, warranties, covenants and events of default. The initial term of the Amended Sandstorm Agreement is 50 years, subject to successive 10-year extensions at the discretion of Sandstorm.

In addition, the Amended Sandstorm Agreement provides that the Company will not be required to make any further refund of the Deposit if Entrée's economic interest is reduced by up to and including 17%. If there is a reduction of greater than 17% up to and including 34%, the Amended Sandstorm Agreement provides the Company with the ability to refund a corresponding portion of the Deposit in cash or common shares of the Company or any combination of the two at the Company's election, in which case there would be a further corresponding reduction in deliverable metal credits. If the Company elects to refund Sandstorm with common shares of the Company, the value of each common share shall be equal to the volume weighted average price for the five (5) trading days immediately preceding the 90^{th} day after the reduction in Entrée's economic interest. In no case will Sandstorm become a "control person" under the Amended Sandstorm Agreement. In the event an issuance of shares would cause Sandstorm to become a "control person", the maximum number of shares will be issued, and with respect to the value of the remaining shares, 50% will not be refunded (and there will not be a corresponding reduction in deliverable metal credits) and the remaining 50% will be refunded by the issuance of shares in tranches over time, such that the number of shares that Sandstorm holds does not reach or exceed 20%. All shares will be priced in the context of the market at the time they are issued.

In the event of a full expropriation, the remainder of the Unearned Balance after the foregoing refunds must be returned in cash.

For accounting purposes, the Deposit is accounted for as deferred revenue on the statement of financial position and the original Deposit was recorded at the historical amount of C$40.0 million. As a result of the Amended Sandstorm Agreement, the deferred revenue amount was adjusted to reflect the $6.8 million Refund which was recorded at the foreign exchange amount at the date of the Refund resulting in a net balance of C$30.9 million. This amount is subject to foreign currency fluctuations upon conversion to U.S. dollars at each reporting period.

The $6.8 million Refund was paid with $5.5 million in cash and the issuance of $1.3 million of common shares of the Company. On March 1, 2016, the Company issued 5,128,604 common shares to Sandstorm at a price of C$0.3496 per common share pursuant to the Agreement to Amend.

As outlined in Note 4(o), the Company has determined that the Deposit contains a significant financing component, as such, the Company recognized finance costs on the deferred revenue balances totaling $3.0 million for the year ended December 31, 2018.

12 Share capital

a) **Common shares**

The Company's authorized share capital consists of unlimited common shares without par value. At December 31, 2018, the Company had 174,806,820 (December 31, 2017 – 173,573,572) shares issued and outstanding.

b) **Net loss per common share**

Net loss per common share information in these consolidated financial statements is computed by dividing the net loss attributable to common shares by the weighted average number of common shares outstanding during the period. All share options and share purchase warrants outstanding at each period end have been excluded from the weighted average share calculation as they are anti-dilutive.

c) **Plan of arrangement**

On May 9, 2017, the Company completed the spin-out of its Ann Mason Project and Lordsburg property into Mason Resources through the Arrangement under Section 288 of the BCBCA (Note 5). As part of the Arrangement, Entrée shareholders received Mason Common Shares by way of a share exchange, pursuant to which each existing share of Entrée was exchanged for one "new" share of Entrée and 0.45 of a Mason Common Share. Optionholders and warrantholders of Entrée received replacement options and warrants of Entrée and options and warrants of Mason Resources which were proportionate to, and reflective of the terms of, their existing options and warrants of Entrée.

d) **Private placement**

In January 2017, the Company closed a non-brokered private placement in two tranches issuing a total of 18,529,484 units at a price of C$0.41 per unit for aggregate gross proceeds of C$7.6 million. Each unit consisted of one common share of the Company and one-half of one transferable common share purchase warrant (a "Warrant"). Each whole Warrant entitled the holder to acquire one additional common share of the Company at a price of C$0.65 per share (pre-Arrangement price) for a period of 5 years. No commissions or finders' fees were paid in connection with the private placement. Pursuant to the Arrangement, on May 23, 2017 each Warrant was exchanged for one replacement Entrée Warrant and 0.45 of a Mason Resources transferable common share purchase warrant with the same attributes as the original Warrants. The exercise price of the replacement Entrée Warrants was adjusted based on the market value of the two companies after completion of the Arrangement resulting in a ratio between Entrée and Mason Resources of 85% and 15%, respectively.

e) **Share options**

The Company provides share-based compensation to its directors, officers, employees, and consultants through grants of share options.

The Company has adopted a stock option plan (the "Plan") to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding shares of the Company. Options granted can have a term of up to ten years and an exercise price typically not less than the Company's closing share price on the TSX on the last trading day before the date of grant. Vesting is determined at the discretion of the Board of Directors.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

Under the Plan, an option holder may elect to transform an option, in whole or in part and, in lieu of receiving shares to which the terminated option relates (the "Designated Shares"), receive the number of shares, disregarding fractions, which, when multiplied by the weighted average trading price of the shares on the TSX during the five trading days immediately preceding the day of termination (the "Fair Value" per share) of the Designated Shares, has a total dollar value equal to the number of Designated Shares multiplied by the difference between the Fair Value and the exercise price per share of the Designated Shares.

The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected term of the share options. Since the Company has not paid and does not anticipate paying dividends on its common shares, the expected dividend yield is assumed to be zero. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of nil in determining the expense recorded in the accompanying Statements of Comprehensive Loss.

Share option transactions are summarized as follows:

	Number of share options (000's)	Weighted average exercise price C$
Outstanding – December 31, 2016 *	**12,010**	**0.48**
Granted	**1,900**	**0.52**
Exercised	**(1,899)**	**0.32**
Cancelled	**(1,646)**	**0.75**
Forfeited/expired	**(1,190)**	**1.20**
Outstanding – December 31, 2017	**9,175**	**0.38**
Granted	**2,290**	**0.55**
Exercised	**(1,233)**	**0.40**
Cancelled	**(1,522)**	**0.41**
Outstanding – December 31, 2018	**8,710**	**0.42**

*The weighted average exercise price is before the exercise price adjustment applied pursuant to the Arrangement (Note 5). The exercise prices were adjusted such that the aggregate "in the money" amounts for the outstanding options remained the same before and after the Arrangement.

At December 31, 2018, the following share options were outstanding:

Number of share options (000`s)	Vested (000`s)	Exercise price per share C$	Expiry date
960	960	0.18 – 0.36	Feb – Dec 2019
1,320	1,320	0.28 – 0.32	July – Dec 2020
2,240	2,240	0.33 – 0.36	Mar – Nov 2021
1,900	1,900	0.52 – 0.62	May – Oct 2022
2,290	2,265	0.55 – 0.63	Feb – Dec 2023
8,710	8,685		

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

	December 31, 2018
Weighted average exercise price for exercisable options	**C$0.44**
Weighted average share price for options exercised	**C$0.60**
Weighted average years to expiry for exercisable options	**3.23**

Pursuant to the Arrangement, on May 23, 2017 each outstanding option was exchanged for one replacement Entrée option with the same expiry date and 0.45 of a Mason Resources option. The exercise prices of the replacement Entrée options were adjusted based on the market value of the two companies after completion of the Arrangement.

For the year ended December 31, 2018, the total share-based compensation charges relating to 2,290,000 options granted to officers, employees, directors and consultants was $0.5 million (2017 - $0.6 million).

The weighted average fair value at date of grant for the options granted during the year ended December 31, 2018 was C$0.30 (2017 – C$0.24). The following weighted average assumptions were used for the Black-Scholes valuation of share options granted:

	2018	**2017**
Risk-free interest rate	**1.91%**	1.62%
Expected life of options (years)	**4.7**	4.6
Expected volatility	**64%**	72%
Expected dividend	**0.00%**	0.00%

f) **Share purchase warrants**

At December 31, 2018, the following share purchase warrants were outstanding:

Number of share purchase warrants (000's)	**Exercise price per share C$**	**Expiry date**
8,655	0.55	January 10, 2022
610	0.55	January 12, 2022

The share purchase warrants were all issued in 2017 and there has been no exercise or cancellation of these warrants as at December 31, 2018.

The fair value per share purchase warrant was determined to be C$0.37 using the following weighted average assumptions using the Black-Scholes option pricing model:

Share price	**C$0.55**
Risk-free interest rate	**1.01%**
Expected dividend	**0.00%**
Expected life	**5 years**
Expected volatility	**72%**

g) **Bonus shares**

In May 2017, the Company issued 100,000 common shares for no cash proceeds pursuant to a grant of employment inducement bonus shares.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

13 Segmented information

The Company operates in one business segment being the exploration and evaluation of mineral property interests. The Company's non-current assets geographically are as follows:

	2018	2017
Canada		
Property and equipment	$ 83	$ 106
Reclamation deposit and other	12	12
	$ 95	$ 118
Other		
Property and equipment	4	6
Mineral property interest	-	532
Long-term investments	199	151
	$ 203	$ 689

As at December 31, 2017, the Company's mineral property interest was located in Peru. The property and equipment in the 'Other' category are located in Mongolia. The long-term investments are related to the Company's investment in the Entrée/Oyu Tolgoi JV Property in Mongolia.

14 Exploration costs

	2018	2017
Mongolia	$ 134	$ 181
Other	41	151
	$ 175	$ 332

15 Income tax

	2018	2017
Loss for the year before income taxes	$ (5,198)	$ (36,511)
Statutory rate	27.00%	26.00%
Expected income tax recovery	(1,403)	(9,493)
Permanent differences and other	(8,163)	8,820
Difference in foreign tax rates	140	(640)
Effect of change in future tax rates	(805)	(433)
Change in valuation allowance	10,231	1,674
Total income tax recovery	$ -	$ (72)

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

	2018	**2017**
Current income tax recovery	**$ -**	$ (72)
Deferred income tax expense	**-**	-
Total income taxes	**$ -**	$ (72)

The Company's deferred income tax liability consisted of:

	2018	**2017**
Deferred income tax assets:		
Non-capital loss carryforward	**$ 9,140**	$ 9,608
Resource expenditures	**2,507**	2,763
Equipment	**239**	193
Share issue and legal costs	**22**	31
Other	**11,355**	1,113
	23,263	13,708
Unrecognized tax assets	**(23,263)**	(13,680)
Net deferred income tax assets	**-**	28
Deferred income tax liabilities:		
Foreign exchange on loan	**-**	(28)
Net deferred income tax liabilities	**$ -**	$ (28)
Net deferred income tax	**$ -**	$ -

The Company has available for deduction against future taxable income non-capital losses of approximately $31.7 million (2017: $31.1 million) in Canada, $nil (2017: $0.7 million) in China, $nil (2017: $1.0 million) in Peru, $5.8 million (2017: $6.2 million) in Mongolia and $0.3 million (2017: $nil) in Australia. These losses, if not utilized, will expire through 2038. Subject to certain restrictions, the Company also has foreign resource expenditures available to reduce taxable income in future years. Deferred tax benefits which may arise as a result of these losses, resource expenditures, equipment, share issue and legal costs have not been recognized in these consolidated financial statements.

16 Financial instruments

a) **Fair value classification of financial instruments**

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices). Level 3 inputs are for the assets or liabilities that are not based on observable market data (unobservable inputs).

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

The Company's financial instruments consist of cash and cash equivalents, investments, receivables, deposits, accounts payable and accrued liabilities, and loan payable.

The carrying values of receivables and accounts payable and accrued liabilities approximate their fair value due to their short terms to maturity. Cash and cash equivalents and investments are measured at fair value using Level 1 inputs.

The following table summarizes the classification and carrying values of the Company's financial instruments at December 31, 2018, 2017 and January 1, 2017:

December 31, 2018	**FVTPL**	**Amortized cost (financial assets)**	**Amortized cost (financial liabilities)**	**Total**
Financial assets				
Cash and cash equivalents	$ 6,154	$ -	$ -	$ 6,154
Investments	912	-	-	912
Deposits	-	12	-	12
Total financial assets	$ 7,066	$ 12	$ -	$ 7,078
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ 346	$ 346
Loan payable	-	-	8,380	8,380
Total financial liabilities	$ -	$ -	$ 8,726	$ 8,726

December 31, 2017	**FVTPL**	**Amortized cost (financial assets)**	**Amortized cost (financial liabilities)**	**Total**
Financial assets				
Cash and cash equivalents	$ 7,068	$ -	$ -	$ 7,068
Receivables	-	263	-	263
Deposits	-	12	-	12
Total financial assets	$ 7,068	$ 275	$ -	$ 7,343
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ 247	$ 247
Loan payable	-	-	7,841	7,841
Total financial liabilities	$ -	$ -	$ 8,088	$ 8,088

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

January 1, 2017	FVTPL	Amortized cost (financial assets)	Amortized cost (financial liabilities)	Total
Financial assets				
Cash and cash equivalents	$ 13,391	$ -	$ -	$ 13,391
Receivables	-	35	-	35
Deposits	-	490	-	490
Total financial assets	$ 13,391	$ 525	$ -	$ 13,916
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ 455	$ 455
Loan payable	-	-	7,334	7,334
Total financial liabilities	$ -	$ -	$ 7,789	$ 7,789

b) **Financial risk management**

i) Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables.

The Company limits its credit exposure on cash and cash equivalents held in bank accounts by holding its key transactional bank accounts with large, highly rated financial institutions.

The Company's receivables balance was not significant and, therefore, was not exposed to significant credit risk.

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

ii) Liquidity risk

The Company manages liquidity risk by trying to maintain enough cash balances to ensure that it is able to meet its short term and long-term obligations as and when they fall due. Company-wide cash projections are managed centrally and regularly updated to reflect the dynamic nature of the business and fluctuations caused by commodity price and exchange rate movements.

The Company's operating results may vary due to fluctuation in commodity price, inflation, foreign exchange rates and certain share prices.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

iii) Market risks

The Company is exposed to market risk because of the fluctuating values of its publicly traded investments. The Company has no control over these fluctuations and does not hedge its investments. Based on the December 31, 2018 portfolio value, a 10% increase or decrease in market price would result in a $0.1 million change in net loss.

iv) Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash and cash equivalents and on loan payable which is at variable rates (Note 10). As at December 31, 2018, with other variables unchanged, a 1% increase in the interest rate applicable to loan payable would result in an insignificant change in net loss. Deposits are invested on a short-term basis to enable adequate liquidity for payment of operational and exploration expenditures. The Company does not believe that it is exposed to material interest rate risk on its cash and cash equivalents.

As at December 31, 2018, the Company has not entered into any contracts to manage interest rate risk.

v) Foreign exchange risk

The functional currency of the parent company is C$. The functional currency of the significant subsidiaries and the reporting currency of the Company is the United States dollar.

As at December 31, 2018, the Company has not entered into contracts to manage foreign exchange risk.

The Company is exposed to foreign exchange risk through the following assets and liabilities:

	December 31, 2018	**December 31, 2017**	**January 1, 2017**
Cash and cash equivalents	**$ 6,154**	$ 7,068	$ 13,391
Investments	**912**	-	-
Receivables	**-**	263	35
Accounts payable and accrued liabilities	**(346)**	(247)	(455)
	$ 6,720	$ 7,084	$ 12,971

As at December 31, 2018, with other variables unchanged, a 10% increase or decrease in the value of the USD against the currencies to which the Company is normally exposed (C$) would result in an insignificant change in net loss.

17 Capital management

The Company considers items included in shareholders' equity (deficiency) as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets which are revised periodically based on the results of its exploration programs, availability of financing, and industry conditions. There are no external restrictions on management of capital.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

18 Supplemental cash flow information

	Note	2018	2017
Non-cash investing activities			
Acquisition of investments from the sale of asset	6, 9	**$ 1,000**	$ -

19 Commitments and contingencies

As at December 31, 2018, the Company had the following commitments:

	Total	Less than 1 year	1 - 3 years	3-5 years	More than 5 years
Lease commitments	$ **421**	$ 106	$ 315	$ -	$ -

Under the terms of the Amended Sandstorm Agreement, the Company may be subject to a contingent liability if certain events occur (Note 11).

20 Related party transactions

The Company's related parties include key management personnel and directors. Direct remuneration paid to the Company's directors and key management personnel during the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Directors' fees	**$ 142**	$ 153
Salaries and benefits	**$ 1,143**	$ 929
Share-based compensation	**$ 461**	$ 410

As of December 31, 2018, included in the accounts payable and accrued liabilities balance on the consolidated statement of financial position is $0.2 million (December 31, 2017 - $0.4 million; January 1, 2017 - $0.1 million) due to the Company's directors and key management personnel.

Upon a change of control of the Company, amounts totaling $1.0 million (Dec 31, 2017 - $1.3 million) will become payable to certain officers and management personnel of the Company.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

Administrative Services Agreement

On May 9, 2017, Mason Resources entered into an Administrative Services Agreement ("ASA") with Entrée whereby Entrée provided office space, furnishings and equipment, communications facilities and personnel necessary for Mason Resources to fulfill its basic day-to-day head office and executive responsibilities on a pro-rata cost-recovery basis. The total amount charged to Mason Resources for the year ended December 31, 2018 was $0.7 million (December 31, 2017 - $0.8 million). These transactions occurred in the normal course of business and were conducted on terms substantially similar to arm's length transactions. Transactions with Mason Resources for goods and services were made on commercial terms through the ASA.

On December 19, 2018, Mason Resources terminated the ASA with Entrée and paid a termination charge of $0.3 million as required by the terms of the ASA.

As of December 31, 2018, included in the receivables balance on the consolidated statement of financial position is $nil (December 31, 2017 - $0.2 million) due from Mason Resources relating to the ASA.

	2018	**2017**
Executive services	**$ 421**	$ 268
Corporate overhead	**$ 280**	$ 280
Investor communications	**$ -**	$ 45
Restructure charge	**$ -**	$ 175

21 First time adoption of IFRS

These are the Company's first consolidated financial statements prepared in accordance with IFRS.

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

Reconciliation of statements of financial position

The US GAAP statements of financial position have been reconciled to IFRS as follows:

	US GAAP January 1, 2017	Effects of transition to IFRS	IFRS January 1, 2017	US GAAP December 31, 2017	Effects of transition to IFRS	IFRS December 31, 2017
Assets						
Current assets						
Cash and cash equivalents	$ 13,391	$ -	$ 13,391	$ 7,068	$ -	$ 7,068
Receivables and prepaid expenses	310	-	310	382	-	382
	13,701	-	13,701	7,450	-	7,450
Non-current assets						
Property and equipment	43	-	43	112	-	112
Mineral property interests	38,875	-	38,875	532	-	532
Long-term investments	146	-	146	151	-	151
Reclamation deposits and other	515	-	515	12	-	12
	39,579	-	39,579	807	-	807
Total assets	$ 53,280	$ -	$ 53,280	$ 8,257	$ -	$ 8,257
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	$ 455	$ -	$ 455	$ 247	$ -	$ 247
	455	-	455	247	-	247
Non-current liabilities						
Loan payable to Oyu Tolgoi LLC	7,334	-	7,334	7,841	-	7,841
Deferred revenue	22,987	-	22,987	24,658	-	24,658
Deferred income tax	3,015	-	3,015	-	-	-
	33,336	-	33,336	32,499	-	32,499
Total liabilities	33,791	-	33,791	32,746	-	32,746
Shareholders' equity (deficiency)						
Share capital	178,740	-	178,740	139,689	32,619	172,308
Reserves	20,863	-	20,863	22,175	-	22,175
Share capital received in advance	559	-	559	-	-	-
Accumulated other comprehensive Income (loss)	(7,061)	7,061	-	5,230	(6,914)	(1,684)
Deficit	(173,612)	(7,061)	(180,673)	(191,583)	(25,705)	(217,288)
Total shareholders' equity (deficiency)	19,489	-	19,489	(24,489)	-	(24,489)
Total liabilities and shareholders' equity (deficiency)	$ 53,280	$ -	$ 53,280	$ 8,257	$ -	$ 8,257

(tabular amounts expressed in thousands of U.S. dollars, except per share amounts and where indicated)

Reconciliation of statements of comprehensive loss

The US GAAP statements of comprehensive loss have been reconciled to IFRS as follows:

	US GAAP December 31, 2017	Effects of transition to IFRS	IFRS December 31, 2017
Operating expenses			
Exploration	$ 332	$ -	$ 332
General and administrative	1,656	-	1,656
Share-based compensation	678	-	678
Restructuring costs	211	(211)	-
Depreciation	20	-	20
Other	192	-	192
Operating loss	3,089	(211)	2,878
Foreign exchange gain	(380)	-	(380)
Interest income	(116)	-	(116)
Interest expense	287	-	287
Loss on the Arrangement	-	33,627	33,627
Loss from equity investee	215	-	215
Loss before income taxes	3,095	33,416	36,511
Income tax recovery	(72)	-	(72)
Net loss from continuing operations	3,023	33,416	36,439
Discontinued operations			
Net loss from discontinued operations	176	-	176
Net loss for the year	3,199	33,416	36,615
Other comprehensive (income) loss		-	
Foreign currency translation	2,481	(797)	1,684
Total net loss and comprehensive loss	$ 5,680	$ 32,619	$ 38,299
Net Loss per common share			
Basic and fully diluted – continuing operations	$ (0.02)	$ (0.19)	$ (0.21)
Basic and fully diluted – discontinued operations	(0.00)	-	(0.00)
Weight average number of common shares outstanding	172,259	-	172,259

There were no changes to the net cash used in / from operating, financing or investing activities.

The accounting policies set out in Note 4 have been consistently applied in preparing the consolidated financial statements for the year ended December 31, 2017, and in the preparation of an opening IFRS statement of financial position at January 1, 2017 (the "Transition Date").

In preparing its opening IFRS statement of financial position, Entrée has adjusted amounts reported previously in financial statements prepared in accordance with US GAAP (its previous GAAP). Explanations of how the transition from its previous GAAP to IFRS has affected the Company's statements of financial position and statements of comprehensive loss are set out in the following reconciliations and notes that accompany them.

Pursuant to IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"), Entrée has applied IFRS on a retrospective basis, subject to relevant mandatory exceptions and voluntary exemptions to retrospective application of IFRS.

Notes to the reconciliations

a) Estimates

IFRS 1 provides that the estimates in accordance with IFRS at the date of transition shall be consistent with estimates made in accordance with previous GAAP (after adjustment to reflect differences in accounting policies), unless there is objective evidence those estimates were in error. There were no adjustments made to previous GAAP estimates.

b) Exemption for share-based payment transactions

An IFRS 1 exemption allows the Company to not apply IFRS 2, Share-based Payment, to equity instruments granted after November 7, 2002 that vested before the date of transition to IFRS. The Company has elected to apply the exemption and, as a result, has not recalculated the impact on any share-based payments that have vested at the Transition Date.

c) Exemption for business combinations

IFRS 1 provides the option to apply IFRS 3, Business Combinations ("IFRS 3"), prospectively from the Transition Date or from a specific date prior to the Transition Date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the Transition Date. The Company elected to apply IFRS 3 prospectively to business combinations occurring after its Transition Date. As a result, business combinations occurring prior to the Transition Date have not been restated.

d) Foreign exchange

Retrospective application of IFRS would require recalculation of cumulative currency translation differences in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, from the date a subsidiary or associate was formed or acquired. Alternatively, IFRS 1 permits cumulative translation gains and losses to be reset to zero at the initial adoption date. The Company has elected to reset all cumulative translation gains and losses to zero in opening deficit at January 1, 2017.

e) Adjustments on transition to IFRS

Under US GAAP, the Arrangement to spin out the Company's US Subsidiaries to Mason Resources was accounted for at the carrying amount, without gain or loss. In addition, the assets and liabilities that were transferred to Mason Resources were classified as assets/liabilities held for spin-off.

Under IFRS, IFRIC 17 - Distributions of Non-Cash Assets to Owners was used to account for this transaction. In accordance with this guidance, a dividend based on the fair value of the distribution, determined using the trading price of the Mason Common Shares following the date of spinoff, was recorded. The difference between the fair value of the dividend and the carrying value of the net assets was recognized as a loss in the consolidated statement of comprehensive loss for the year ended December 31, 2017. Restructuring costs totaling $0.2 million was recorded in profit or loss under US GAAP. Under IFRS, these costs were offset against equity as they are directly attributable to the equity transaction. The assets and liabilities transferred to Mason Resources were not classified as assets/liabilities held for spin-off in accordance to IFRS 5, Non-current Assets Held For Sale and Discontinued Operations.

22 Subsequent events

Subsequent to December 31, 2018:

- stock options to purchase 130,000 Designated Shares with an exercise price of C$0.36 were terminated and an aggregate of 44,629 common shares were issued. In addition, an aggregate of 20,000 common shares were issued and the Company received gross proceeds of C$5,600 from the option exercises.
- the Company disposed of all its investment in common shares of Anglo Pacific for net proceeds of $1.0 million (Note 6).