# MESA EXPLORATION CORP.

Consolidated Financial Statements
For the years ended March 31, 2020 and 2019

manning elliott

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## INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Mesa Exploration Corp.

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Mesa Exploration Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019, and the consolidated statements of comprehensive loss, cash flows and changes in deficiency for the years then ended, and the related notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Basis for Opinion**

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

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1 of the accompanying consolidated financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other Information**

Management is responsible for the other information, which comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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. We have nothing to report in this regard.

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

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

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

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

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**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Alden Aumann.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
July 28, 2020

# MESA EXPLORATION CORP.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

| As at March 31, 2020 and 2019 | **2020** | **2019** |
|---|---|---|
| | **$** | **$** |
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | **69,411** | 11,778 |
| Amounts receivable | **996** | 7,959 |
| | **70,407** | 19,737 |
| **LIABILITIES** | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (note 8 & 9) | **147,562** | 676,014 |
| Loans payable (note 6) | **250,000** | 65,000 |
| | **397,562** | 741,014 |
| **SHAREHOLDERS' DEFICIENCY** | | |
| Share capital (note 7) | **8,170,274** | 7,694,166 |
| Other equity reserve | **1,883,564** | 1,883,564 |
| Accumulated other comprehensive income | **74,357** | 74,357 |
| Deficit | **(10,455,350)** | (10,373,364) |
| | **(327,155)** | (721,277) |
| | **70,407** | 19,737 |

**NATURE OF OPERATIONS AND GOING CONCERN** (note 1)
**SUBSEQUENT EVENTS** (note 12)

**APPROVED ON JULY 28, 2020 ON BEHALF OF THE BOARD:**

Signed: */s/ "Greg French"*
Greg French, Director

Signed: */s/ "Foster Wilson"*
Foster Wilson, Director

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

# MESA EXPLORATION CORP.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

| For the years ended March 31, 2020 and 2019 | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| **EXPENSES** | | |
| Management fees (note 8) | 60,200 | 101,695 |
| Public company expenses | 37,602 | 55,636 |
| Professional fees | 189,154 | 26,044 |
| General and administrative | 8,566 | 10,366 |
| Interest expense | 24,452 | 189 |
| Exploration expenses | - | 7,540 |
| Foreign exchange loss | 772 | 43,535 |
| | (320,746) | (245,005) |
| **OTHER INCOME (EXPENSE)** | | |
| Loss on disposal of marketable securities (note 4) | - | (1,239) |
| Gain on debt forgiveness (note 6 & 8) | 238,760 | - |
| | 238,760 | (1,239) |
| **NET INCOME (LOSS)** | (81,986) | (246,244) |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | |
| **Items that may be reclassified subsequently** | | |
| Realized losses reclassified out of other comprehensive income | - | 42,010 |
| Foreign currency translation adjustments | - | (41,925) |
| **TOTAL OTHER COMPREHENSIVE INCOME (LOSS)** | - | 85 |
| **COMPREHENSIVE LOSS** | (81,986) | (246,329) |
| **Net Loss Per Share - Basic and diluted** | (0.06) | (0.21) |
| **Weighted Average Number of Shares Outstanding – Basic and diluted** | 1,400,578 | 1,162,306 |

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

# MESA EXPLORATION CORP.
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
(Expressed in Canadian Dollars)

| For the years ended March 31, 2020 and 2019 | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| **OPERATING ACTIVITIES** | | |
| Net income (loss) for the year | **(81,986)** | **(246,244)** |
| Non-cash items | | |
| Debt forgiveness | **(238,760)** | - |
| Accrued interest | **24,452** | - |
| (Gain)/loss on disposal of marketable securities | **-** | **43,164** |
| | **(296,294)** | **(203,080)** |
| Changes in non-cash operating accounts | | |
| Amounts receivable | **6,963** | **(5,584)** |
| Accounts payable and accrued liabilities | **96,964** | **58,231** |
| | **(192,367)** | **(150,433)** |
| **INVESTING ACTIVITIES** | | |
| Proceeds from disposal of marketable securities | **-** | **30,247** |
| | **-** | **30,247** |
| **FINANCING ACTIVITIES** | | |
| Advance of loan payable | **250,000** | **65,000** |
| | **250,000** | **65,000** |
| **Effect of exchange rates on cash** | **-** | **-** |
| **Increase/(decrease) in cash** | **57,633** | **(55,186)** |
| **Cash, beginning of year** | **11,778** | **66,964** |
| **Cash, end of year** | **69,411** | **11,778** |
| **Supplemental cash disclosures** | | |
| Interest paid | $ - | $ - |
| Income taxes paid | $ - | $ - |
| Cash and cash equivalent consist of: | | |
| Cash in bank | $ 1,411 | $ 11,778 |
| Cash held in trust | $ 68,000 | $ - |
| | $ 69,411 | $ 11,788 |
| **Non-cash transactions in the investing and financing activities** | | |
| Shares issued for debt settlement | $ - | $ - |

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

# MESA EXPLORATION CORP.

## CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY

(Expressed in Canadian Dollars)

For the years ended March 31, 2020 and 2019

| | **Share Capital** | | | **Accumulated** | | |
|---|---|---|---|---|---|---|
| | | | **Other** | **Other** | | |
| | | | **Equity** | **Comprehensive** | | |
| | **Shares** | **Amount** | **Reserve** | **Income (Loss)** | **Deficit** | **Total** |
| | | **$** | **$** | **$** | **$** | **$** |
| **Balance, March 31, 2018** | 1,162,306 | 7,694,166 | 1,883,564 | 74,442 | (10,127,120) | (474,948) |
| Realized gain on marketable securities | - | - | - | (42,010) | - | (42,010) |
| Foreign currency translation adjustment | - | - | - | 41,925 | - | 41,925 |
| Net loss | - | - | - | - | (246,244) | (246,244) |
| **Balance, March 31, 2019** | 1,162,306 | 7,694,166 | 1,883,564 | 74,357 | (10,373,364) | (721,277) |
| Shares for debt | 634,810 | 476,108 | - | - | - | 476,108 |
| Net loss | - | - | - | - | (81,986) | (81,986) |
| **Balance, March 31, 2020** | 1,797,116 | 8,170,274 | 1,883,564 | 74,357 | (10,455,350) | (327,155) |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Mesa Exploration Corp. (the "Corporation", the "Company" or "Mesa"), formerly Mesa Uranium Corp., is an exploration stage mining company engaged in the identification, acquisition and exploration of mineral properties located in the United States. It was incorporated in British Columbia as Fintry Enterprises Inc. ("Fintry") and its shares were listed on the TSX Venture Exchange. The Corporation delisted its shares on October 2, 2019.

The Corporation acquired BZU Minerals Ltd. ("BZU") on December 21, 2005, and then changed its name from Fintry Enterprises Inc. to Mesa Uranium Corp. As the former shareholders of BZU acquired control of the Corporation this transaction was accounted for as a reverse takeover, and these consolidated financial statements are a continuation of the historical financial statements of BZU from the date of its incorporation on October 12, 2005. On September 15, 2008, the trading symbol changed from MZU to MSA. On March 30, 2011, the Corporation further changed its name to Mesa Exploration Corp. to reflect a shift in focus from uranium into a more diversified exploration and development company. The Corporation's registered office is situated at 250 Howe Street, Vancouver, BC, V6C 3R8.

As at March 31, 2020, the Corporation had an accumulated deficit of $10,455,350 (2019: $10,373,364), a working capital deficiency of $327,155 (2019: $721,277) and no source of revenues. These factors indicate a material uncertainty that may cast significant doubt about the ability of the Corporation to continue as a going concern. The Corporation's ability to continue as a going concern is dependent upon the continued support of its shareholders, obtaining sufficient financing to complete its acquisition of business objectives and generating revenues sufficient to cover its operating costs or, ultimately obtaining proceeds from profitable disposal of its properties. There is no certainty that the Corporation will be able to achieve these objectives particularly in light of current challenges faced by exploration stage companies in raising capital through public markets.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Corporation be unable to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

## 2. BASIS OF PRESENTATION

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

All financial information in these consolidated financial statements is presented in Canadian dollars ("CAD") unless otherwise stated.

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. During the year ended March 31, 2020, the board of directors authorized a 15-for-1 share consolidation. The number of issued and outstanding shares, options, warrants and per share amounts have been retrospectively restated for all periods presented, unless otherwise stated. These consolidated financial statements were reviewed by the Audit Committee and approved for issue by the Board of Directors on July 28, 2020.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Principles of consolidation

These consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, BZU Holdings, Inc. (incorporated in Nevada, USA). The subsidiary is fully consolidated from the date the Corporation obtains control, and continues to be consolidated until the date that control ceases. Control is achieved when the Corporation has the power to govern the financial and operating policies of an entity.

All inter-company balances, transactions, revenues, and expenses have been eliminated on consolidation.

### Cash and cash equivalents

Cash and cash equivalents consists of cash on deposit with banks and highly liquid short-term interest bearing securities with original terms to maturity of less than ninety days at the time of acquisition, or which are redeemable at the option of the Corporation.

### Marketable securities

Marketable securities are classified as available-for-sale and are carried at fair value based upon quoted market prices. Changes in fair value are included in other comprehensive income until realized, or if an unrealized loss is considered other than temporary, in which case the unrealized loss is recorded to operations.

### Exploration and evaluation assets

Costs related to mineral activities, which include the investigation and exploration of mining properties, are capitalized on a property-by-property basis once the legal right to explore has been established until such time as the Corporation determines the property is evaluated as non-productive or uneconomical. Where exploration activities are conducted jointly with others, only the Corporation's proportionate cost in the related mineral projects is included in these consolidated financial statements.

Management reviews conditions relating to mineral properties on a quarterly basis, taking into account factors such as the property's stage of exploration or development, exploration results, market prices for ore, and the economic viability of the properties. Carrying values relating to non-productive or uneconomical properties are written down by charges to earnings. The recoverability of amounts capitalized is dependent upon the discovery of economically recoverable reserves, securing and maintaining title to the properties and obtaining the necessary financing to complete the exploration and development of these projects and attaining future profitable production from their operation or from proceeds from disposal of the properties.

### Reclamation and restoration

The fair values of obligations associated with the retirement of tangible long-lived assets are recorded in the period in which they are incurred with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which are included in depletion, amortization and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and amortization of the related asset.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment

***Non-financial assets***
At the end of each reporting period, the Corporation's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit"). An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit of loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

***Financial assets***
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired using the expected credit loss allowance (ECL) model.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against the asset. Subsequent to recognition, an assessment under the ECL model is performed on each reporting date.

### Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### Income taxes

***Current* tax**
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.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Income taxes (continued)**

***Deferred tax***

Deferred tax is accounted for using the liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss. In respect of taxable temporary differences associated with investments in subsidiaries and interest in joint ventures, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and losses can be utilized, except where the deferred income tax asset related to a deductible temporary difference which arose from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries and interest in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilized. To the extent that an asset not previously recognized fulfills the criteria for recognition, a deferred income tax asset is recorded.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive loss.

**Financial instruments**

The classification and measurement of financial assets is based on the Company’s business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest (“SPPI”). Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit and loss (“FVTPL”) transaction costs.

Financial assets are subsequently measured at either:

(i) amortized cost;
(ii) fair value through other comprehensive income ("FVTOCI"); or
(iii) at fair value through profit or loss ("FVTPL").

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Financial instruments** (continued)

Financial liabilities are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

The following table summarizes the classification of the Company's financial instruments under IFRS 9:

| | IFRS 9 Classification |
|---|---|
| **Financial assets** | |
| Cash | FVTPL |
| Marketable securities | FVOCI |
| | |
| **Financial liabilities** | |
| Accounts payable and accrued liabilities | Amortized cost |
| Loan payable | Amortized cost |

IFRS 9 uses an expected credit loss impairment model as opposed to an incurred credit loss model under IAS 39. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. The adoption of the new expected credit loss impairment model had a negligible impact on the carrying amounts of financial assets recognized at amortized cost.

**Share issuance costs**

Professional, consulting, and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

**Share-based compensation**

The Corporation applies the fair value method to share-based payments for all awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. Compensation expense is recognized over the applicable vesting period with a corresponding increase in other equity reserve. When the options are exercised, the exercise price proceeds together with the related other equity reserve are credited to share capital.

**Income (loss) per share**

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Comprehensive income (loss)

Comprehensive income (loss) reflects net income (loss) and other comprehensive income (loss) for the year. Other comprehensive income (loss) includes changes in unrealized gains (loss) on foreign currency translation and unrealized gains and losses on available-for-sale assets.

### Critical accounting judgments

The critical judgments that the Corporation's management has made in the process of applying the Corporation's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Corporation's consolidated financial statements are as follows:

***Going concern***
The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgement. Management monitors future cash requirements to assess the Corporation's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

***Functional currency***
The functional currency for the Corporation's subsidiary is the currency of the primary economic environment in which the entity operates. The Corporation has determined that the functional currency of its subsidiary is the US dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Corporation reconsiders the functional currency of its entities if there are changes in events and conditions which determined the primary economic environment.

***Impairment and reversal of impairment of exploration and evaluation assets***
At each reporting date, the carrying amounts of the Corporation's assets are reviewed to determine whether there is any indication of impairment. The application of the Corporation's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Corporation, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If information becomes available after expenditure is capitalized suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

### Critical accounting estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions regarding certain assets and liabilities based on careful judgement and actual results could differ from such estimates. Significant areas requiring the use of management estimates relate to the impairment and reversal of impairment of exploration and evaluation assets and valuation of deferred income tax assets and liabilities. Actual results could differ from the estimates made.

***Taxation***
The provision for income taxes and composition of income tax assets and liabilities requires management's judgment as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized in the consolidated statements of financial position.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Critical accounting estimates** (continued)

***Taxation*** (continued)

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows and profitability. These depend on estimates of future commodity prices, reserves, operating costs, and other capital management transactions. The application of income tax legislation also requires judgment. These judgments and assumptions are subject to risk and uncertainty, therefore there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the statement of financial position and the amount of other tax losses and temporary differences not yet recognized.

**Foreign currency translation**

The reporting and functional currency of the Corporation is the Canadian dollar. The functional currency of its United States subsidiary is the United States dollar.

Foreign currency transactions entered into directly by the Corporation or its subsidiary are translated into their functional currency as follows:

- Monetary assets and liabilities are translated at period end exchange rates and other statement of financial position items are translated at historical exchange rates.
- Statements of comprehensive income (loss) items are translated at rates in effect at the time of the transaction.
- Foreign exchange gains and losses are included in the determination of income.

Translation of the foreign functional currency subsidiary financial statements into the Corporation's reporting currency is performed as follows:

- Assets and liabilities are translated at period end exchange rates and other statement of financial position items are translated at historic exchange rates.
- Statements of comprehensive loss items are translated at average exchange rates prevailing during the period.
- Exchange gains and losses on the translation of the foreign operations into the Corporation's reporting currency are excluded from the determination of income and reported as foreign currency translation adjustments in the other comprehensive income in the shareholders' equity.

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

**New accounting standards adopted effective April 1, 2019:**

*IFRS 16 – Leases*

IFRS 16 replaces IAS 17, "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15, "Revenue from Contracts with Customers".

The adoption of IFRS 16 did not have a material impact on the Company's consolidated financial statements.

*IFRIC 23, "Uncertainty over Income Tax Treatments"*

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The adoption of IFRIC 23 did not have a material effect on the Company's consolidated financial statements.

## 4. MARKETABLE SECURITIES AND PROCEEDS RECEIVABLE

**Sal Rica Property Sold to Uranium Resources Inc.**

On October 20, 2016, the Corporation closed the Mineral Property Acquisition Agreement with Uranium Resources Inc. ("URI") to sell 100% right, title and interest in the Sal Rica Lithium Brine property. Under the terms of the Agreement, URI is required to make payment as follows:

(a) Cash payment of US$50,000 (paid);
(b) Issue 100,000 common shares of URI (received); and
(c) Issue 100,000 common shares on October 20, 2017 (received).

As of March 31, 2017, there were 100,000 common shares of URI remained with an estimated fair value of $250,228 and the Corporation recorded the amount of $74,480 as unrealized loss on available-for-sale marketable securities. The estimated fair value of the proceeds receivable was $186,157 using Black-Scholes option pricing model. As a result, the Corporation recorded $70,851 as other comprehensive item in the consolidated statements of comprehensive income.

On October 20, 2017 the Corporation received the additional 100,000 Uranium Resources Inc. shares at a market price of $1.12 USD per share.

During the year ended March 31, 2018, the Corporation sold 100,000 common shares with gross proceeds of $126,905 USD and recognized $9,436 as a loss from the disposal of marketable securities. As of March 31, 2018, there were 100,000 common shares of URI remained with an estimated fair value of $73,495 and the Corporation recorded the amount of $31,280 as unrealized loss on available-for-sale marketable securities.

During fiscal year ended March 31, 2019, the Corporation sold the remaining 100,000 shares for $30,247. As at March 31, 2020, there were no URI shares remaining.

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## 5. EXPLORATION AND EVALUATION ASSETS

### Mineral Property Interests

The Corporation has various exploration and evaluation assets on which it has performed activities as described below. Although these assets have previously been impaired as described below, the Corporation has not relinquished title to these claims and continues to incur and expense the annual sustaining fees, which are considered nominal.

a) **Green Energy**

During the year ended March 31, 2014, the Corporation decided not to proceed with any further exploration work and as a result all previous recorded exploration and evaluation assets on this property in the amount of USD $69,316 were written off.

On May 12, 2016, the Corporation closed the Mineral Property Acquisition Agreement with Voltaic Minerals Corp. ("Voltaic") to sell 100% right, title and interest in the Green Energy Lithium property. Under the terms of the Agreement, Voltaic is required to make payment as follows:

- Cash payment of $10,000 (paid);
- Issue 1,500,000 common shares of Voltaic (received); and
- Issue 1,500,000 common shares of Voltaic (received)

As a result of the sale agreement with Voltaic, management determined to reverse the impairment previously recorded in this property in the amount of $90,936 (USD$69,316) during the year ended March 31, 2016. The Corporation recognized the reversal of the impairment in other income in the statements of comprehensive income (loss) in accordance to IAS 36 *Impairment.*

On May 12, 2016, the carrying amount of Green Energy property was $90,111 (US$69,316), the Corporation recognized a gain of $457,564 on disposal of the property.

b) **Sal Rica Lithium Brine Project**

During the year ended March 31, 2017, the Corporation acquired the Sal Rica Lithium Brine project in Box Elder County, Utah. The property comprises of 9,844 acres of claimed property with exploration target for lithium.

On October 20, 2016, the Corporation closed the Mineral Property Acquisition Agreement with Uranium Resource Inc. ("URI") to sell 100% right, title and interest in the Sal Rica Lithium Brine property. Under the terms of the Agreement, URI is required to make payment as follows:

- Cash payment of US$50,000 (paid);
- Issue 100,000 common shares of Voltaic (received);
- Issue 100,000 common shares on October 20, 2017; and
- Royalty of 2% Net Smelter Return.

Total acquisition and surveying costs were approximately at $22,393 and the Corporation recognized a gain of $290,913 on disposal of the property (see Note 4).

During the year ended March 31, 2017, the Corporation acquired the following properties through staking. The costs were expensed as the amounts were immaterial.

(Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

**Mineral Property Interests** (continued)

c) **Blue Wing Lithium Brine Project**

The Project consists of 16 placer mining claims covering 320 acres, located in Nevada.

d) **Buena Vista lithium project**

The Project consists of 16 placer mining claims covering 320 acres, located in Nevada.

e) **Others**

During the fourth quarter of 2017, the Corporation announced acquisition of three additional Uranium properties from the State of Utah: a mineral lease comprising 1,280 acres in the Lisbon Valley Mining District, a mineral lease comprising 1,923 acres in the Montezuma Canyon Mining District and 640 acres in the Browns Hole Mining District.

## 6. LOANS PAYABLE

On April 9, 2019 the Company entered into a loan agreement in the amount of $250,000, bearing interest at 10% per annum and maturing on April 9, 2020. The interest and principal is repayment at maturity, and the loan is secured by the general security agreement against the Company's assets. The loan agreement stipulates that the proceeds of the Loan are to be used for general corporate purposes and in connection with the identification and completion of a suitable acquisition or business combination with an arm's length party. A portion of the loan proceeds is subject to an escrow agreement whereby the funds escrowed are reserved for legal and other costs associated with the identification and completion of a suitable acquisition or business combination with an arm's length party.

As at March 31, 2020, loans payable consist of $250,000 (2019 - $65,000) where the Company accrued interest of $24,452 pursuant to the loan agreement. Subsequent to the year-end, the Company settled the loan payable of $250,000 through issuance of common shares.

During the year ended March 31, 2020, a total loan payable amount of $65,000 was forgiven. The Company has recognized the loan amount forgiven as a gain on debt forgiveness under other income in the statement of comprehensive loss.

The Gain on debt forgiveness is comprised of:

| | |
|---|---|
| The loan forgiven during 2020 | $65,000 |
| Various accounts payable forgiven (Note 8) | $173,760 |
| | $238,760 |

## 7. SHARE CAPITAL

### Authorized

The Corporation is authorized to issue an unlimited number of common shares without par value.

### Issued and outstanding

During the year ended March 31, 2020, the board of directors authorized a 15-for-1 share consolidation. All share and per share information in these consolidated financial statements have been retrospectively adjusted to reflect the impact of the share consolidation.

As at March 31, 2020 there were 1,797,116 (2019 – 1,162,333) common shares issued and outstanding

During the year ended March 31, 2020, the Company issued 634,810 common shares to settle accounts payable of $476,108 to various arms length creditors and officers for the Company (see Note 8). The fair market value of the common shares was $476,108 at the date of the issuance and the transaction did not result any gain or loss..

### Options

The Corporation grants incentive stock options as permitted pursuant to the Corporation's Stock Option Plan (the "Plan") approved by the shareholders on December 21, 2005, and subsequently reapproved by shareholders on every Annual General Meeting. The Plan has been structured to comply with the rules of the TSX Venture Exchange. The aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Corporation as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of five years. If the optionee ceases to be qualified to receive options from the Corporation those options expire immediately. All options vest when granted unless otherwise specified by the Board of Directors.

As of March 31, 2020 and 2019, there were no stock options outstanding and exercisable.

### Warrants

As of March 31, 2020 and 2019, there were no warrants outstanding or exercisable.

## 8. RELATED PARTY TRANSACTIONS AND BALANCES

All related party transactions have occurred in the normal course of operations. Related party transactions occur and are recorded at the amounts agreed between the parties. Key management is comprised of the Company's directors and executive officers.

During the year ended March 31, 2020, compensation was paid to the CEO and the CFO for a total cost of $60,200 (2019 - $101,695).

As of March 31, 2020, accounts payable and accrued liabilities include amounts owing to officers in the amount of $21,000 (March 31, 2019 – $335,450).

During the year ended March 31, 2020, the Company issued 305,688 common shares to the CEO and former CFO to settle payable amounts of $229,266. The fair value of the shares issued was $229,266 at the date of the issuance and the transaction did not result in any gain or loss (see Note 6). In addition, a total amount of $106,184 balance payable was forgiven by the officers as at year end.

## 9. FINANCIAL INSTRUMENTS

**Fair values**

The following table summarizes the designation and fair value hierarchy under which the Corporation's financial instruments are valued.

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The carrying amounts reported in the consolidated statements of financial position for short term financial assets and liabilities, which include cash, marketable securities, accounts payable and loan payable approximate their fair values due to the immediate or short-term maturities of these financial instruments.

**Classification of financial instruments:**

| | **2020** | **2019** |
|---|---|---|
| **Financial assets** | $ | $ |
| Fair value through profit or loss | | |
| Cash and cash equivalents | 69,411 | 11,778 |
| | | |
| **Financial liabilities** | | |
| Amortized cost | | |
| Accounts payable and loans payable | 397,562 | 245,922 |

**Fair value hierarchy of financial assets and liabilities measured at fair value:**

The following table sets forth the Corporation's financial assets measured at fair value by level on a recurring basis within the fair value hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | 2020 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Cash | 69,411 | - | - | 69,411 |

**Financial risk factor**

The Corporation manages its exposure to financial risks, including foreign exchange risk and interest rate risk, based on a conservative framework to protect itself against adverse rate movements. All transactions undertaken are to support the Corporation's ongoing business and the Corporation does not acquire or issue derivative financial instruments for trading or speculative purposes. The Corporation's Board of Directors oversees management's risk management practices by setting trading parameters and reporting requirements.

## 9. FINANCIAL INSTRUMENTS (continued)

The Corporation's activities are exposed to currency risk, interest rate risk, credit risk, liquidity risk and market risk.

**a) Currency risk**

The Corporation has operations in the United States which are transacted into U.S. dollars. Accordingly, the Corporation is exposed to foreign exchange risk with respect to these transactions. The Corporation has not undertaken hedging activities to mitigate this risk.

**b) Interest rate risk**

The Corporation is not exposed to significant interest rate risk at this time since it does not have significant interest bearing instruments.

**c) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Corporation to credit risk consist of cash and amounts receivable. The Corporation has reduced its credit risk by placing its cash with financial institutions.

**d) Liquidity risk**

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. The Corporation handles liquidity risk through the management of its capital structure.

The Corporation monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Corporation's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Corporation does not have investments in any asset backed deposits.

In the normal course of business, the Corporation enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Corporation's significant commitments and corresponding maturities:

| | <1 year | 1 - 3 Years | Total |
|---|---|---|---|
| Accounts payable and loans payable | $ 397,562 | $ - | $ 397,562 |

**e) Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets and cause fluctuations in the fair value of future cash flows for assets or liabilities. The Corporation is exposed to market risk on its trading investments, and unfavorable market conditions could result in dispositions of investments at less than favorable prices. The Corporation's investments are accounted for at estimated fair values and are sensitive to changes in market prices, such that changes in market prices result in a proportionate change in the carrying value of the Corporation's investments. Management closely monitors the stock market to determine the appropriate course of action to be taken by the Corporation.

**Sensitivity analysis**

The Corporation has not completed a sensitivity analysis to estimate the impact on the net loss caused by changes in foreign exchange rates during the year ended March 31, 2019 as the balance of foreign currency was insignificant. The financial position of the Corporation may will not be impacted by a change in foreign exchange rate occurs.

(Expressed in Canadian Dollars)

## 10. MANAGEMENT OF CAPITAL

The Corporation's objectives of capital management are intended to safeguard the entity's ability to support the Corporation's acquisition and exploration of its mineral properties and support any expansionary plans.

The capital of the Corporation consists of the items included in shareholders' equity. The Corporation manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Corporation's underlying assets.

To effectively manage the entity's capital requirements, the Corporation has in place a rigorous planning and budgeting process to help determine the funds required. The Corporation may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. The Corporation is not subject to externally imposed capital requirements.

## 11. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

| | **2020** | **2019** |
|---|---|---|
| | $ | $ |
| Combined statutory income tax rate | 27% | 27% |
| Income tax (payable) recovery at statutory rate | (22,136) | (66,023) |
| (Decrease) increase resulting from: | | |
| Non-deductible items and other items | (64,864) | (13,977) |
| Unrecognized deferred tax assets | 87,000 | 80,000 |
| Income tax recoverable | - | - |

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at March 31, 2020 and 2019 are as follows:

| | **2020** | **2019** |
|---|---|---|
| Non-capital losses carried forward | 2,117,000 | 2,030,000 |
| Net-capital losses carried forward | 37,000 | 37,000 |
| Income tax assets not recognized | (2,154,000) | (2,067,000) |
| | - | - |

(Expressed in Canadian Dollars)

**11. INCOME TAXES** (continued)

The Corporation has approximately $8,614,000 (2019 - $8,294,000) in non-capital losses, which can be applied to reduce future taxable income. These losses expire as follows:

| | | |
|---|---|---|
| 2026 | | 7,000 |
| 2027 | | 411,000 |
| 2028 | | 1,398,000 |
| 2029 | | 1,540,000 |
| 2030 | | 1,773,000 |
| 2031 | | 590,000 |
| 2032 | | 576,000 |
| 2033 | | 494,000 |
| 2034 | | 357,000 |
| 2035 | | 105,000 |
| 2036 | | 63,000 |
| 2037 | | 204,000 |
| 2038 | | 534,000 |
| 2039 | | 242,000 |
| 2040 | | 320,000 |
| | $ | 8,614,000 |

The Corporation has not recognized any deferred income tax assets as the tax benefits which may arise as a result of these non-capital losses due to the uncertainty of their recovery.

**12. SUBSEQUENT EVENTS**

On May 28, 2020, the Company issued 10,780,665 common shares to settle accounts payable, loan payable and related party balance totalling $377,323.

One June 28, 2020, the Company has entered into a binding letter of intent with Embark Health Inc. (“Embark”) where the Company will acquire all of the issued and outstanding securities of Embark. The structured transaction constitutes a reverse take-over of the Company. To facilitate the transaction, the Company intends to complete a non-brokered private placement offering up to 6,000,000 common shares in the Company for $0.05 per share for aggregate proceeds of $300,000.