PROMINEX RESOURCE CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

APRIL 30, 2020 AND 2019

(EXPRESSED IN CANADIAN DOLLARS)

Prominex Resource Corp.

CONSOLIDATED FINANCIAL STATEMENTS

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(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Prominex Resource Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Prominex Resource Corp**.** (the Company), which comprise the consolidated statements of financial position as at April 30, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

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

Material Uncertainty Relating to Going Concern
We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of $89,380 during the year ended April 30, 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises the annual management's discussion and analysis but does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, 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 relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
August 5, 2020

PROMINEX RESOURCE CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
AS AT APRIL 30,

	Notes	2020 $	2019 $
ASSETS			
CURRENT			
Cash		81,203	-
Amounts receivable and other assets		1,640	1,964
Harmonized sales tax receivable		6,869	1,580
TOTAL ASSETS		89,712	3,544
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	6, 7	614,738	970,209
NON-CURRENT LIABILITIES			
Statue barred liabilities	9	386,019	-
TOTAL LIABILITIES		1,000,757	970,209
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	5 (b)	8,728,554	8,583,554
Contributed surplus		2,848,185	2,848,185
Deficit		(12,487,784)	(12,398,404)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		(911,045)	(966,665)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		89,712	3,544
NATURE OF OPERATIONS AND GOING CONCERN	1		
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APPROVED ON BEHALF OF THE BOARD

"Michael Lerner" Director

"Bynomin Posen" Director

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

PROMINEX RESOURCE CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED APRIL 30,

	Notes	2020	2019
		$	$
EXPENSES			
Consulting fees	8	43,285	33,333
General and administrative		11,719	4
Professional fees		34,376	15,000
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		89,380	48,337
NET LOSS PER SHARE - Basic and diluted		0.00	0.00
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - Basic and diluted		307,133,513	83,690,890

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

PROMINEX RESOURCE CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019

	Share Capital #	Share Capital $	Contributed Surplus $	(Deficit) $	Total $
BALANCE, APRIL 30, 2018	83,690,890	8,583,554	2,848,185	(12,350,068)	(918,328)
Net loss	-	-	-	(48,337)	(48,337)
BALANCE, APRIL 30, 2019	83,690,890	8,583,554	2,848,185	(12,398,404)	(966,665)
Common share private placement	290,000,000	145,000	-	-	145,000
Net loss	-	-	-	(89,380)	(89,380)
BALANCE, APRIL 30, 2020	373,690,890	8,728,554	2,848,185	(12,487,785)	(911,045)

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

PROMINEX RESOURCE CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED APRIL 30,

	2020	**2019**
	$	**$**
CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Net loss for the year	(89,380)	(48,337)
Changes in non-cash components of working capital		
Increase in HST receivable and other assets	(4,965)	(1,667)
Decrease in accounts payable and accrued liabilities	(355,471)	50,004
Increase in statute barred liabilities	386,019	
Cash flow (used in) provided by operating activities	(63,797)	-
CASH FLOWS USED IN FINANCING ACTIVITIES		
Issue of common shares	145,000	-
Cash flow provided by (used in) financing activities	145,000	-
Increase in cash and cash equivalents for the year	81,203	-
CASH, beginning of the year	-	-
CASH AND CASH EQUIVALENTS, end of the year	81,203	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Prominex Resource Corp. (the "Company") was incorporated under the Canada Business Corporations Act. Previously the Company was engaged in the acquisition, exploration and evaluation of a mineral assets. Currently it is actively pursuing other potential business opportunities. The Company's head office is located at 108 Cordova Street West, Vancouver, British Columbia, V6B 0G6.

The securities of the Company are not presently listed on any stock exchange. However, the Company is subject to a cease trade order issued by the British Columbia Securities Commission dated September 10, 2015 (the "Cease Trade Order") for failure to file certain required filings under applicable securities laws. The Company applied for partial revocation of the Cease Trade Order, and on May 13, 2019, and the British Columbia Securities Commission granted a partial revocation of the Cease Trade Order, solely to permit the Company to complete a non-brokered private placement for aggregate gross proceeds of up to $145,000, through the issuance of up to 290,000,000 common shares in the capital of the Company (each, a "Common Share") at a price of $0.0005 per Common Share (the "Offering"). The Company completed the Offering pursuant to the partial revocation on July 23, 2019, raising $145,000 through the issuance of 290,000,000 Common Shares. Effective February 18, 2020, the British Columbia Securities Commission issued an order revoking the Cease Trade Order.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Realization values may be substantially different from carrying values as shown and the financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

At April 30, 2020, the Company had no source of operating cash flow and an accumulated deficit of $12,487,785 (April 30, 2019 - $12,398,404). At April 30, 2020, the Company had a working capital deficit of $525,028 (April 30, 2019 – deficit of $966,665). These conditions raise material uncertainties which may cast significant doubt as to the Company's ability to continue as a going concern.

Management believes it will be successful in raising the necessary funds to continue in the normal course of operations or effecting a corporate transaction. However, there is no assurance that these funds will be available on terms acceptable to the Company or at all, or that a corporate transaction will be affected. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The policies set out are based on IFRS issued and outstanding as of August 5, 2020, being the date, the Board of Directors approved the consolidated financial statements. The policies have been consistently applied to all periods presented unless otherwise noted.

3. BASIS OF PREPARATION

Basis of consolidation

These consolidated financial statements include the accounts of Prominex Resources Corp. and its wholly owned subsidiary, Cannabinoid Capital Corporation ("Cannabinoid"), which is currently inactive. All significant intercompany balances and transactions have been eliminated upon consolidation.

Subsidiaries are those entities which the Company controls. Control exists when the Company is exposed or has rights to the variable returns of the subsidiary and has the ability to affect those returns through its power over the subsidiary. Power is defined as existing rights that give the Company the ability to direct the relevant activities of the subsidiary. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Basis of measurement

The financial statements are presented in Canadian dollars, which is the Company's functional currency and have been prepared on a historical cost basis, with the exception of certain financial assets and liabilities which are measured at fair-value, as explained in the accounting policies below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies for the Company:

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and money market funds, with original maturities of less than 90 days. The money market funds are held with a Canadian chartered bank or a Canadian financial institution.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in the statement of operations except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements unless such differences arise from goodwill or the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the taxable profit nor the accounting profit or loss.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment occurs.

Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(c) Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. The offset to the recorded cost is share-based payment reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserve is transferred to share capital. Upon expiry, the value is transferred to deficit.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of operations such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of operations.

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

(d) Loss per common share

Basic loss per share is calculated using the weighted average number of shares outstanding. The diluted loss per share assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share. See Notes 5(c) and (d) for details on the Company’s potentially dilutive securities.

(e) Critical accounting judgements, estimates and assumptions

The preparation of consolidated financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

- **Income, value added, withholding and other taxes**
  The Company is subject to income, value added, withholding and other taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations.

  The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- **Going concern**
  The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its working capital requirements.

(f) Financial instruments

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of

the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measure at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost;
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
- FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial assets consist of cash, which is classified and subsequently measured at fair value. The Company's financial liabilities consist of accounts payable and accrued liabilities and statue barred liabilities, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Effective interest method

The effective interest method calculates the amortized cost of a financial instrument asset or liability and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or liability, or where appropriate, a shorter period. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL

(g) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. 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. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(h) Adoption of Recent Accounting Pronouncements and Accounting Changes

As required, the Company adopted IFRS 16 – Leases (“IFRS 16”) as of May 1, 2019. IFRS 16, “Leases” (“IFRS 16”), replaces existing standards and interpretations on lease recognition. On January 13, 2016, the IASB published a new standard, IFRS 16, which brings most leases for lessees onto the balance sheet under a single model, eliminating the distinction between operating and finance leases. Under the new standard, a lessee recognizes a right-of-use (“ROU”) asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest.

The Company has elected to use the modified retrospective approach in its adoption of IFRS 16. The modified retrospective method does not require restatement of prior period financial information as it may recognize the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively. Accordingly, comparative information in the Company’s financial statements is not restated. The adoption of IFRS 16 had no impact on the Company’s financial statements for the years ended April 30, 2020 and 2019.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares with no par value.

(b) Issued

	Common Shares #	Amount $
Balance, April 30, 2019 and April 30, 2018	83,690,890	8,583,554
Issued for cash	290,000,000	145,000
Balance, April 30, 2020	373,690,890	8,728,554

On July 23, 2019, the Company issued 290,000,000 common shares in a non-brokered private placement for cash proceeds of $145,000.

(c) Stock Options

The Company has a 10% rolling stock option plan ("Plan") which provides that incentive-based stock options may be granted, at the Board's discretion, to a quantity not to exceed 10% of the issued and outstanding shares of the Company at the time of granting. Pursuant to TSX-V policies, the Plan requires annual shareholder approval. The Plan was renewed at the September 10, 2013 Shareholders' Meeting.

As of April 30, 2020 and 2019 there were no outstanding stock options to purchase common shares of the Company.

(d) Warrants

As of April 30, 2020 and 2019 there were no outstanding warrants to purchase common shares of the Company.

(Expressed in Canadian Dollars)

6. CONTINGENCIES, COMMITMENTS AND PROVISIONS

The Company's previous exploration activities were subject to various laws and regulations governing the protection of the environment. These laws and regulations continually change and generally become more restrictive. The Company believes its operations were in material compliance with all applicable laws and regulations when it disposed of the exploration properties. The Company does not believe it will be required to make any further expenditures to comply with such laws and regulations. exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive.

Included in accounts payable and accrued liabilities as at April 30, 2020 and 2019 is a provision for subscriber indemnification related to the shortfall in required expenditures in connection with a flow-through shares financing agreement from 2007.

7. RELATED PARTY TRANSACTIONS

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The Company defines key management personnel as its CEO and Directors. Remuneration of directors and key management personnel of the Company for the years ended April 30, 2020 and 2019 was:

	2020 $	2019 $
Consulting fees	36,000	33,333

During the year ended April 30, 2020, the Company incurred legal fees of $31,216 (2019 -$nil) charged through a law firm controlled by the brother of a director of the Company.

As at April 30, 2020, $88,500 (2019 - $35,000) due to related party was included in accounts payable and accrued liabilities. All amounts due to related parties are on account of operating activity and are subject to standard trade terms.

8. FINANCIAL INSTRUMENTS AND RISK FACTORS

International financial reporting standards require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. At April 30, 2020 and 2019, the Company has no financial instruments carried at fair value to classify in the fair value hierarchy.

As at April 30, 2020 and 2019, the carrying amounts of accounts payable and accrued liabilities and statute barred liabilities on the statement of financial position approximate fair market value because of the demand or short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from previous periods.

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk with respect to cash and cash equivalents, and financial instruments included in amounts receivable is remote.

(b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure there is sufficient capital on hand to meet its financial commitments as they come due. At April 30, 2020, the Company had cash and cash equivalents of $81,203 (2019 - $nil) available to settle current liabilities of $614,738 (April 30, 2019 - $970,209). The Company's accounts payable and accrued liability are subject to normal trade terms.

(Expressed in Canadian Dollars)

9. STATUTE BARRED LIABILITIES

During the year ended April 30, 2020, the Company transferred $386,019 of accounts payable (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute barred under the Limitations Act (Ontario). The Statute-barred Claims relate to expenses billed by third-party vendors. Under IFRS, a financial liability can only be derecognized from the Company's Statement of Financial Position when it is extinguished, meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation, but it does not formally extinguish the financial liability under IFRS.

It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's Statement of Financial Position as a result of the current interpretation of IFRS, but they are classified as non-current liabilities as the Company has no intention to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims.

10. INCOME TAXES

a) Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2019 – 26.5%) are as follows:

	2020 $	2019 $
Loss before income taxes	(89,380)	(48,337)
Expected income tax recovery	(23,686)	(12,809)
Adjustments to benefit resulting from:		
Temporary differences and other	18,939	-
Benefit of tax losses not recognized	4,747	12,809
Deferred income tax recovery	-	-

b) Tax benefits from non-capital loss carry-forwards have not been recorded in the consolidated financial statements. These losses, which may reduce taxable income in future years, amount to approximately $3,272,000 and expires as follows:

(Expressed in Canadian Dollars)

10. INCOME TAXES (Continued)

Year	Amount ($)
2026	176,000
2027	324,000
2028	629,000
2029	404,000
2030	413,000
2031	260,000
2032	243,000
2033	216,000
2034	284,000
2035	146,000
2036	29,000
2037	7,000
2038	2,000
2039	50,000
	89,000
	3,272,000

c) The Company has Canadian and foreign development and exploration expenditure pools for income tax purposes of approximately $4,007,000 that may, in certain situations, be applied to reduce taxable income in subsequent years.

d) Unrecognized deferred tax assets

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2020 $	2019 $
Non-capital loss carry-forwards	867,800	844,000
Mineral exploration property costs	1,062,000	1,081,000
Net deferred tax asset before valuation allowance	1,929,800	1,925,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

11. CAPITAL MANAGEMENT

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company had an interest were in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geological or economic potential and if it has adequate financial resources to do so. Alternatively, the Company will pursue other corporate transactions to the benefit of shareholders.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the years ended April 30, 2020 and 2019. The Company and its subsidiary are not currently subject to externally imposed capital requirements.

12. SUBSEQUENT EVENT

Subsequent to April 30, 2020, the outbreak of the novel strain of coronavirus, specifically identified as 'COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.