PROMINEX RESOURCE CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

OCTOBER 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

Notice to Reader

The accompanying unaudited interim financial statements of Prominex Resource Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited interim consolidated financial statements have not been reviewed by the Company's auditors.

PROMINEX RESOURCE CORP.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)

AS AT,

	Notes	Oct. 31, 2021 $	April 30, 2021 $
ASSETS			
CURRENT			
Cash		249,722	8,634
Amounts receivable and other assets		-	-
Harmonized sales tax receivable		11,707	11,060
TOTAL ASSETS		261,429	19,694
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	6, 7	196,985	454,503
NON-CURRENT LIABILITIES			
Statue barred liabilities	9	547,025	547,025
		744,010	1,001,528
NON-CURRENT LIABILITIES			
SHAREHOLDERS’ EQUITY (DEFICIENCY)			
Share capital	5 (b)	9,238,285	8,728,554
Contributed surplus		2,898,250	2,848,185
Deficit		(12,619,116)	(12,558,573)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		(482,581)	(981,834)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		261,429	19,694
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APPROVED ON BEHALF OF THE BOARD

"Paul Crage" Director

"Michael Richmond" Director

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

PROMINEX RESOURCE CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)

FOR THE SIX-MONTH PERIODS ENDED OCTOBER 31,

		Three months ended		Six months ended	
		Oct. 31, 2021	**Oct. 31, 2020**	**Oct. 31, 2021**	**Oct. 31, 2021**
	Notes	**$**	**$**	**$**	**$**
EXPENSES					
General and administrative		5,382	2,156	6,102	12,615
Professional fees		30,814	9,155	42,053	36,011
Share-based compensation		50,065	-	50,065	-
Public company costs		780	-	2,322	-
		87,041	11,311	100,542	48,626
Gain on debt settlement		-	-	(39,999)	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		87,041	11,311	60,543	48,626
NET LOSS PER SHARE - Basic and diluted		1.24	0.20	1.01	0.88
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - Basic and diluted		69,959	55,381	60,240	55,381

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

PROMINEX RESOURCE CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE PERIODS ENDED OCTOBER 31, 2021 AND 2020

	Share Capital #	Share Capital $	Contributed Surplus $	(Deficit) $	Total $
BALANCE, APRIL 30, 2020 (i)	55,381	8,728,554	2,848,185	(12,487,784)	(911,045)
Net loss	-	-	-	(48,626)	(48,626)
BALANCE, OCTOBER 31, 2020	55,381	8,728,554	2,848,185	(12,536,410)	(959,671)
	-	-	-	(22,163)	(22,163)
BALANCE, APRIL 30, 2021	55,381	8,728,554	2,848,185	(12,558,573)	(981,834)
Common share private placement	148,209	249,999	-	-	249,999
Shares for debt	296,410	259,732	-	-	259,732
Share-based compensation	-	-	50,065	-	50,065
Net loss	-	-	-	(60,543)	(60,543)
BALANCE, OCTOBER 31, 2021	500,000	9,238,285	2,898,250	(12,619,116)	(482,581)

(i) Adjusted for 1:40 share consolidation effective August 13, 2020 (note 4b)

(ii) Further adjusted for 1:168.7 share consolidation effective October 25, 2021 (note 4b)

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

PROMINEX RESOURCE CORP.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)
FOR THE PERIODS ENDED OCTOBER 31,

	2021	**2020**
	$	**$**
CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Net income (loss) for the period	(60,543)	(48,626)
Share-based compensation	50,065	-
Changes in non-cash components of working capital:		
Increase in HST receivable and other assets	(647)	(3,929)
Decrease in accounts payable and accrued liabilities	2,214	(16,750)
Cash flow (used in) operating activities	(8,911)	(69,305)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Issue of common shares	249,999	-
	249,999	-
Decrease in cash and cash equivalents for the period	241,088	(69,305)
CASH, beginning of the year	8,634	81,203
CASH AND CASH EQUIVALENTS, end of the period	249,722	11,898

The accompanying notes are an integral part of these interim 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. At October 31, 2021, it was actively pursuing a corporate transaction. The corporate transaction closed November 15, 2021 (see Note 11). The Company's head office as at October 31, 2021 was 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 42,978 post-consolidation common shares in the capital of the Company (each, a "**Common Share**") at a price of $0.34 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 42,978 post-consolidation Common Shares. Effective February 18, 2020, the British Columbia Securities Commission issued an order revoking the Cease Trade Order.

On April 16, 2021, the Company announced it had entered into a non-binding letter of intent (the "**LOI**") with Green Scientific Labs, LLC ("**GSL**"), a leading hemp and marijuana testing laboratory. GSL also expects to complete a US$4,000,000 concurrent placement with the reverse takeover of the Company, both of which were successfully completed subsequent to period end (Note 11).

These interim 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 October 31, 2021, the Company had no source of operating cash flow and an accumulated deficit of $12,619,116 (April 30, 2021 - $12,558,573). At October 31, 2021, the Company had working capital of $64,444 (April 30, 2021 – deficit of $434,809). 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.

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.

2. STATEMENT OF COMPLIANCE

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The policies applied in these unaudited interim consolidated financial statements are based on IFRS issued and outstanding as of December 29, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended April 30, 2021. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending April 30, 2022 could result in restatement of these interim financial statements.

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.

(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. 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 6(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.

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.

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 and Harmonized sales tax receivable which is classified and measured at amortized cost. 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.

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) Accounting Standards Issued but not yet Applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after January 1, 2022 or later periods.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IFRS 3 – Business Combination ("IFRS3"). The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

5. SHARE CAPITAL

(a) Authorized
Unlimited number of common shares with no par value.

(b) Issued

	Common Shares #	Amount $
Balance, April 30, 2019	12,403	8,583,554
Issued for cash	42,978	145,000
Balance, April 30, 2021	55,381	8,728,554
Issued for cash	148,209	249,999
Issued for debt	296,410	259,732
Balance, October 31, 2021	500,000	9,238,285

On August 13, 2020, the Company completed a share consolidation by issuing one new share for every forty issued and outstanding shares. Prior to the share consolidation the Company had 373,690,890 shares outstanding. After the consolidation, the Company had 9,342,275 shares outstanding.

On October 25, 2021, the Company completed a further share consolidation by issuing one new share for every 168.7 issued and outstanding shares. After the consolidation, the Company had 55,381 shares outstanding.

All share numbers have been adjusted to reflect the number outstanding, as if the consolidation had occurred at the beginning of the reporting period.

On July 23, 2019, the Company issued 42,978 (post-consolidation) common shares in a non-brokered private placement for cash proceeds of $145,000.

On October 29, 2021, the Company issued 148,209 (post-consolidation) common shares in a non-brokered private placement for cash proceeds of $249,999.

On October 29, 2021, the Company issued 273,550 (post-consolidation) common shares in payment of debts of $391,732 and finder's fees of $69,694 which were paid in shares. The Company also issued 22,860 common shares to arm's length finders, and incurred cash costs of $132,000 related to the shares for debt payment.

(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.

On October 22, 2021, an aggregate of 88,500 incentive stock options to purchase common shares of the Company were granted. Each option is exercisable at $3.75 per share until October 31, 2023 and vested on the grant date. Options were valued at $50,065 using the Black-Scholes pricing model with an expected volatility of 100% (based on the Company's historical volatility rate), an expected dividend yield of 0%, an expected life of two years and a risk-free rate of 0.32%.

As of April 30, 2021 there were no outstanding stock options to purchase common shares of the Company.

(d) Warrants
As of October 31, 2021 and April 30, 2021 there were no outstanding warrants to purchase common shares of the Company.

6. CONTINGENCIES, COMMITMENTS AND PROVISIONS

The Company's 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. The Company believes its operations are in material compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

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 six-month periods ended October 31, 2021 and 2020 was:

	2021 $	2020 $
Consulting fees	-	9,000

As at October 31, 2021, $Nil (April 30, 2021 - $Nil) due to related party was included in accounts payable and accrued liabilities. All amounts due to related parties are on account of operating activities 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 October 31, 2021 and April 30, 2021, the Company has no financial instruments carried at fair value to classify in the fair value hierarchy.

As at October 31, 2021 and April 30, 2021, 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 October 31, 2021, the Company had cash and cash equivalents of $249,722 (April 30, 2021 - $8,634) available to settle current liabilities of $196,985 (April 30, 2021 - $454,503). The Company’s accounts payable and accrued liability are subject to normal trade terms.

9. STATUTE BARRED LIABILITIES

During the year ended April 30, 2021, the Company transferred $161,006 (2020 - $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. 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 period ended October 31, 2021 and the year ended April 30, 2021. The Company and its subsidiary are not currently subject to externally imposed capital requirements.

Subsequent to October 31, 2021, the Company completed its RTO transaction with GSL (see Note 11). New management and directors will result in a new approach to capital management.

11. SUBSEQUENT EVENT

Subsequent to October 31, 2021, the Company completed its RTO transaction with GSL. Upon closing of the RTO, the following individuals were appointed to the Company's board of directors: Paul Crage, Michael Richmond, Ed Murray, Alex Spiro and Olivier Centner.

On November 12, 2021, GSL completed a non-brokered private placement of 1,176,416 subscription receipts (the "**Subscription Receipts**") at a price of USD$3.85 per Subscription Receipt for aggregate gross proceeds of USD$4,529,200 (the "**Concurrent Financing**"). Immediately prior to the completion of the RTO, each Subscription Receipt automatically converted into one unit of GSL (a "**Unit**"), each Unit consisting of one GSL membership interest ("**GSL Unit**") and one GSL Unit purchase warrant (each a "**Unit Warrant**") and, immediately thereafter, pursuant to the RTO (a) each such GSL Unit was exchanged for either one Subordinate Voting Share or 1/100 of a Multiple Voting Share and (b) each Unit Warrant was exchanged for one share purchase warrant of the Company (each a "**Resulting Issuer Warrant**"). Each Resulting Issuer Warrant entitles the holder thereof to purchase either one Subordinate Voting Share or 1/100 of a Multiple Voting Share at a price of USD$4.50 for a period of 36 months following the

Closing Date, provided that if the trading price of the Subordinate Voting Shares on the CSE is greater than CAD$8.50 for ten consecutive trading days, the Company may accelerate the time of expiry of the Resulting Issuer Warrants to the day that is 30 days from the date that notice of such acceleration is given to holders of Resulting Issuer Warrants. The proceeds of the Concurrent Financing were placed into escrow upon completion of the Concurrent Financing and were released from escrow to the Company in connection with the consummation of the RTO.