



St-Georges Eco-Mining Corp.
Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2020

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

MONTREAL, QUEBEC

July XX, 2020

St-Georges Eco-Mining Corp.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited)

As at	Note	March 31, 2020	December 31, 2019
		\$	\$
Assets			
Current assets			
Cash		16,638	377,449
Digital currency	5	11,658,509	9,690,414
Sale tax receivable		178,872	171,763
Prepaid expenses		2,504	4,659
Marketable securities	9	75,000	275,000
Total current assets		11,931,523	10,519,286
Non-current assets			
Equity accounted investment	9	316,849	402,451
Marketable securities	9	58,037	79,334
Convertible debenture investment	10	2,345,805	2,213,564
Digital currency	5	10,201,195	12,659,900
Exploration and evaluation assets	6	2,697,291	2,341,747
Total assets		27,550,700	28,216,281
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities			
Accounts payable and accrued liabilities	11	1,252,206	1,089,548
Derivative liability	12	190,793	190,793
Convertible debentures	12	3,703,470	3,579,727
Obligation to issue shares	11	64,973	64,973
Total current liabilities		5,211,442	4,925,041
Long-Term Liabilities			
Convertible debentures	12	4,019,168	3,897,413
Total liabilities		9,230,610	8,822,454
Shareholders' equity (deficiency)			
Common shares	13	20,702,723	20,171,267
Reserves	13,17	3,202,078	3,202,078
Subscriptions receivable	13	(618,603)	(518,603)
Subscriptions received in advance	13	-	16,500
Contributed surplus	13	7,997,822	8,009,339
Deficit		(21,558,820)	(20,731,313)
Shareholders' equity		9,725,200	10,149,268
Non-controlling interest	1	8,594,890	9,244,559
Total shareholders' equity		18,320,090	19,393,827
Total liabilities and shareholders' equity		27,550,700	28,216,281

Subsequent events (Note 19)

signed "Vilhjalmur Thor Vilhjalmsson"

Vilhjalmur Thor Vilhjalmsson
President and Chief Executive Officer

signed "Richard Barnett"

Richard Barnett
Chief Financial Officer

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

St-Georges Eco-Mining Corp.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited)

For the three months ended March 31	Note	2020 \$	2019 \$
Operating expenses			
Accretion and Interest expenses	12	287,469	269,778
Compensation expenses	12, 17	-	33,609
Consulting fees		131,730	25,460
Foreign exchange gain		(45,986)	22,495
Management fees	17	230,307	194,875
Office expenses		45,126	39,209
Professional fees		33,380	12,500
Publicity and promotions		18,317	57,805
Research and development fees	8, 17	236,294	89,717
Transfer agent and listing fees		22,361	5,403
Travel		1,027	32,535
		(960,025)	(783,386)
Other items			
Gain on payment with marketable digital currency	5	332	-
Unrealized gain (loss) on marketable digital assets	5	(487,241)	47,209
Unrealized loss on marketable securities	9	(221,297)	-
Gain on change in fair value of convertible loan investment	10	132,241	-
Equity loss on investment	9	(85,602)	-
Gain on redemption of convertible debentures	12	23,722	-
Gain on debt settlement	13	6,324	-
Impairment loss on property	6	(398)	-
Gain on derivative marketplace development	7	85,000	-
Loss and comprehensive loss for the period		(1,506,944)	(736,177)
Net loss per share – basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted		143,074,937	122,558,767
Net and comprehensive loss attributable to:			
Shareholders of the Company		(834,613)	(736,177)
Non-controlling interests		(672,331)	-
		(1,506,944)	(736,177)

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

St-Georges Eco-Mining Corp.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
For the three months ended March 31, 2020 and 2019
(Unaudited)

	Number of Common Shares	Common Shares	Contributed surplus	Subscriptions Receivable	Subscriptions Received In Advance	Reserve	Deficit accumulated	Shareholders' Equity (Deficiency)	Non- Controlling Interests	Total Shareholders' Equity (Deficiency)
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2020	114,676,706	17,571,150	420,908	(660,000)	-	2,993,158	(21,925,471)	(1,600,255)	-	(1,600,255)
Shares issued for cash and marketable security (net)	6,300,000	589,710	-	75,000	-	24,978	-	689,688	-	689,688
Convertible debt converted	3,034,020	455,103	-	-	-	-	-	455,103	-	455,103
Net loss for the period	-	-	-	-	-	-	(736,177)	(736,177)	-	(736,177)
Balance as at March 31, 2019	124,010,726	18,615,963	420,908	(585,000)	-	3,018,136	(22,661,648)	(1,191,641)	-	(1,191,641)
Balance as at December 31, 2019	138,408,961	20,171,267	8,009,339	(518,603)	16,500	3,202,078	(20,731,313)	10,149,268	9,244,559	19,393,827
Shares issued for cash	1,650,000	156,908	-	(100,000)	-	-	-	56,908	-	56,908
Shares issued for warrants exercised	165,000	16,500	-	-	(16,500)	-	-	-	-	-
Shares issued as acquisition payment	5,000,000	350,000	-	-	-	-	-	350,000	-	350,000
Shares issued for debt settlement	114,975	8,048	-	-	-	-	-	8,048	-	8,048
Capital contributions made by non-controlling interest	-	-	-	-	-	-	-	-	18,251	18,251
Allocation of equity to non-controlling interests	-	-	(11,517)	-	-	-	679,437	667,920	(667,920)	-
Net loss for the period	-	-	-	-	-	-	(1,506,944)	(1,506,944)	-	(1,506,944)
Balance as at March 31, 2020	145,338,936	20,702,723	7,997,822	(618,603)	-	3,202,078	(21,558,820)	9,725,200	8,594,890	18,320,090

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

St-Georges Eco-Mining Corp.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)

For the three months ended March 31	2020	2019
	\$	\$
Operating activities		
Net loss and comprehensive loss for the period	(1,506,944)	(736,177)
Non-cash items		
Accretion and interest on convertible debenture	287,469	269,778
Equity loss on investments	85,602	-
Unrealized loss (gain) on marketable of digital assets	487,241	(47,209)
Gain on sale and payment of marketable digital assets	(332)	-
Impairment loss on property	398	-
Gain on debt settlement	(6,324)	-
Unrealized loss on marketable securities	221,297	-
Gain on change in fair value of convertible loan	(132,241)	-
	<u>(563,834)</u>	<u>(513,608)</u>
Net changes in working capital items		
Receivable	(7,109)	(9,109)
Prepaid expenses	2,155	(33,144)
Accounts payable and accrued liabilities	156,613	(27,857)
	<u>151,659</u>	<u>(70,110)</u>
Net cash used in operating activities	<u>(412,175)</u>	<u>(583,718)</u>
Investing activities		
Exploration and Evaluation costs	(5,544)	(210,290)
Net cash used in investing activities	<u>(5,544)</u>	<u>(210,290)</u>
Financing activities		
Issuance of convertible debentures, cash	-	(339,448)
Subscription received	(100,000)	75,000
Subscription received in advance	(16,500)	-
Shares issued for cash, net of issuance costs and warrants exercised	173,408	1,069,791
Net cash provided by financing activities	<u>56,908</u>	<u>805,343</u>
Change in cash	(360,811)	11,335
Cash, beginning of period	<u>377,449</u>	<u>567,816</u>
Cash, end of period	<u>16,638</u>	<u>579,151</u>

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

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian dollars – unaudited)

1. Corporate Information and Going Concern of Operations

St-Georges Eco-Mining Corp. (the “Company” or “St-Georges”) was incorporated under the Canada Business Corporations Act on September 21, 2002. The Company is listed on the Canadian Securities Exchange (“CSE”), having the symbol SX, on the OTC PINK, having the symbol SXOOF, and on the Deutsche Börse in Frankfurt (FSE) under the symbol 85G1. The address of the Company’s corporate office and principal place of business is 230 Rue Notre-Dame West, Montreal, H2Y 1T3, Canada. The principal activities of the Company are the exploration and evaluation of mineral properties in Canada and Iceland and block-chain technology development.

In May 2018, the Company signed an Arrangement Agreement (“Arrangement”) providing for the spin-out of its subsidiary ZeU Crypto Networks Inc. (“ZeU”) with the intent of listing ZeU on the Canadian Securities Exchange (“CSE”).

On December 24, 2019, the CSE accepted the listing of the common shares of ZeU, and ZeU started trading on the CSE on December 30, 2019 under the symbol “ZEU”. As a result of the Arrangement, effective December 24, 2019, ZeU ceased to be a wholly-owned subsidiary of the Company. ZeU distributed 11,098,074 shares of the 20,000,000 shares held by the Company to the Company’s shareholders pursuant to the Arrangement. The Company retained 8,750,175 shares and de facto control of ZeU.

The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At March 31, 2020, the Company has not yet achieved profitable operations, had an accumulated deficit of \$21,558,820 (December 31, 2019 - \$20,731,313), had no operating income and had working capital of \$6,720,081 (December 31, 2019 - \$5,594,245). As such, the Company’s ability to continue as a going concern depends on its ability to successfully raise additional financing. If additional capital is not raised, the going concern basis may not be appropriate with the result that the Company may have to realize its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial information. No adjustments for such circumstances have been made in the financial information.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, continuation of the Company’s interest in the underlying resource claims, the ability of the Company to obtain necessary financing to complete their development and upon future profitable production or proceeds from the disposition thereof. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

2. Basis of Presentation

a) Statement of Compliance

These condensed consolidated interim financial statements of the Company for the period ended March 31, 2020 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

These financial statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, they should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS as issued by the IASB.

The consolidated financial statements of the Company were authorized for issue by the Board of Directors on July 7, 2020.

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020
(Expressed in Canadian dollars – unaudited)

2. Basis of Presentation (continued)

b) Basis of Measurement

The consolidated financial statements have been prepared on an historical cost basis except for certain assets and liabilities measured at fair value as required under specific IFRS pronouncements.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

c) Basis of Consolidation

These consolidated financial statements comprise the accounts of the Company and the following controlled subsidiaries:

Name	Country of incorporation	Ownership Percentage
Iceland Resources EHF ("Iceland")	Iceland	100%
ZeU Crypto Networks Inc. ("ZeU")	Canada	36%
Borealis Commodities Exchange ehf ("Borealis")	Iceland	100%
St-Georges Metallurgy Corp.	Canada	100%

On February 27, 2020, the Company incorporated a new subsidiary, St-Georges Metallurgy Corp., and appointed Enrico Di Cesare as its President and CEO. This entity is owned 100% by the Company.

All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

d) Comparative Figures

Certain comparative figures may have been reclassified to conform to the current year's presentation. Such reclassification is for presentation purpose only and has no effect on previously reported results.

e) Functional and Presentation Currency

The functional currency of the parent company is the Canadian dollar, which is also the presentation currency of the consolidated financial statements. The functional currency of the Company's subsidiaries is also the Canadian dollar.

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian dollars – unaudited)

3. Summary of Significant Accounting Policies

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the closing rate (the exchange rate at the reporting date). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in the consolidated statements of comprehensive loss.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Mining Properties and Deferred Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the year in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation (“E&E”) expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur. Tax credits and mining duties are applied to reduce related E&E expenditures in the period recognized.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmer on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as ‘mines under construction’. E&E assets are also tested for impairment before the assets are transferred to development properties. Mining exploration and evaluation expenditures are classified as intangible assets.

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020
(Expressed in Canadian dollars – unaudited)

3. Summary of Significant Accounting Policies (continued)

b) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive loss.

c) Classification of digital currencies as current assets

The Company has determined that digital currencies are intangible assets. The Company has classified digital currencies as current assets, if based on management's assessment its digital currencies held are considered to be commodities, there is a liquid market in which the Company may sell a portion of its holdings and if the Company is able to sell a portion of its digital currencies in the near future to generate a profit from price fluctuations. Digital currencies not classified as current assets are classified as long-term assets.

Digital currencies are initially recorded on the consolidated statements of financial position at their cost or fair value on the date acquired and are re-measured at each reporting date. Revaluation losses, as well as realized gains or losses on the sale of digital currencies are included in the consolidated statement of loss and comprehensive loss. Unrealized revaluation gains above the initial fair value of the digital currencies, are included in other comprehensive income.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the mining and strategic selling of digital currencies and management has exercised significant judgement in determining the appropriate accounting treatment for the recognition of income from digital currencies.

d) Financial Instruments

Classification

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

Cash, marketable securities, convertible debenture investment and derivative liability are classified as FVTPL. Accounts payable, convertible debentures, and obligation to issue shares are classified as amortized cost.

Measurement

Financial assets and liabilities at amortized cost

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020
(Expressed in Canadian dollars – unaudited)

3. Summary of Significant Accounting Policies (continued)

d) Financial Instruments (continued)

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020
(Expressed in Canadian dollars – unaudited)

3. Summary of Significant Accounting Policies (continued)

d) Financial Instruments (continued)

Other financial liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. This category includes accounts payable, obligation to issue shares and convertible debentures.

e) Intangible assets

Intangible assets consist of digital currencies. Since there is an active market for the digital currencies, the Company initially records digital currencies at their cost or fair value on the date of acquisition and revalues the digital currencies at each reporting period at their then fair value under IAS 38. Under the revaluation model, intangible assets are measured at cost or fair value on initial recognition and subsequently remeasured at fair value at each reporting date. Unrealized revaluation increases above the initial cost or fair value are recognized in other comprehensive income and accumulated in contributed surplus within equity. Revaluation losses, as well as realized gains or losses on the sale of digital currencies are included in the consolidated statement of loss and comprehensive loss.

f) Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in the loss in the period in which the expenditure is incurred.

Subsequent to initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

At March 31, 2020 and December 31, 2019, the Company had not recognized any internally-generated intangible assets and had recorded all amounts incurred as research costs.

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian dollars – unaudited)

3. Summary of Significant Accounting Policies (continued)

g) Convertible debentures

Convertible debentures issued for cash are recorded at amortized cost and accounted for as a hybrid financial instrument with separate debt and derivative liability components. The derivative liability is recorded at fair value and deducted from the face value of the debt to arrive at the liability component which will be accreted to face value over the life of the debenture. The derivative liability is remeasured at fair value at each period subsequent to initial recognition. Convertible debentures issued in consideration for goods and services are accounted as share-base payments. At inception the fair value of the debt component is first estimated and the residual value is allocated to the contributed surplus. The carrying value of the convertible debenture is carried at amortized cost and will be accreted to face value over the life of the debenture.

h) Tax Credits and Mining Duties

The Government of Quebec provides a 16% non-taxable refundable credit for losses to help operators meet exploration, mineral deposit evaluation and mine development costs by refunding part of eligible expenditures incurred. This credit is based on the lesser of:

- The amount of the annual loss; and
- 50% of eligible exploration expenditures, mineral deposit evaluation and mine development expenses, reduced by tax credits related to resources.

The Government of Quebec also offers businesses having establishments and that carry on activities in Quebec a refundable tax credit of 28% on eligible exploration expenses. Tax credits and mining duties, which are earned as a result of qualifying mineral exploration expenses, are recognized when the exploration expenses are incurred and collection is reasonably assured. They are applied to reduce related mineral exploration expense in the period recognized.

i) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian dollars – unaudited)

3. Summary of Significant Accounting Policies (continued)

j) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, preferred shares, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through Shares

The Company may from time to time issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital.

Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

k) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated statement of comprehensive loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020
(Expressed in Canadian dollars – unaudited)

3. Summary of Significant Accounting Policies (continued)

k) Share-based Payments (continued)

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

l) Loss per Share

The basic loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

The diluted loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

m) Rehabilitation Provisions

The Company is subject to various government laws and regulations relating to environmental disturbance caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the explorations sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes: restoration, reclamation, and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. As of March 31, 2020, no rehabilitation provision has been recorded.

n) Net Smelters Return (“NSR”) Royalties

The NSR royalties are generally not to be accounted for when acquiring the mining property since they are deemed to be a contingent liability. Royalties are only accounted for when probable and can be measured with sufficient reliability.

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian dollars – unaudited)

3. Summary of Significant Accounting Policies (continued)

o) Equity accounted investments

Equity accounted investments are those entities in which the Company has significant influence, but does not have control over the financial and operating policies of the investees. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Joint arrangement entities are those over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Joint ventures are joint arrangements whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for by the equity method, whereby the original cost of the investment is adjusted for the Company's share of earnings or losses less dividends since significant influence was acquired. When net accumulated losses from an equity accounted investment exceed its carrying amount, the investment balance is reduced to \$nil and additional losses are not provided for unless the Company is committed to provide other financial support to the investee. The Company resumes accounting for its portion of income (loss) of the investment when the entity subsequently reports net income and the Company's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended.

Profits or losses resulting from transactions between the Company and its associates are eliminated to the extent of the interest in the associate. The Company determines at each reporting date whether there is objective evidence that the investments in associates are impaired. The financial statements of associates are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of associates in line with those of the Company.

The Company accounts for the following using the equity method as the Company does not have control:

	Ownership Interest	Jurisdiction
BWA Group PLC ("BWA")	22%	United Kingdom

4. Critical Accounting Judgments and Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian dollars – unaudited)

4. Critical Accounting Judgments and Estimates (continued)

a) Judgments

i) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

ii) Going Concern

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the recourses to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 1.

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

b) Estimates

i) Title to Mineral Properties

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

ii) Digital assets – valuation

Many digital currencies are traded in active markets and are valued based upon quoted prices (less costs to sell), a portion of such digital currencies may not be actively traded and are valued based upon quoted prices for similar assets or based upon unobservable inputs. These valuations require the Company to make significant estimates and assumptions. Digital currencies are generally considered to be commodities or similar to commodities and are treated as intangible assets for financial reporting purposes. Unrealized and realised gain and losses on digital currencies are recorded in the consolidated statement of loss and comprehensive loss while unrealized gains above the initial cost or fair value of the digital currencies are recorded in comprehensive loss.

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020
(Expressed in Canadian dollars – unaudited)

4. Critical Accounting Judgments and Estimates (continued)

b) Estimates (continued)

iii) *Share-based Payment Transactions*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

iv) *Provisions and Contingencies*

The amount recognized as provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

v) *Impairment of exploration and evaluation assets*

Exploration and evaluation assets shall be assessed for an impairment test when facts and circumstances suggest that their carrying amount may exceed recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment loss. Indications of impairment as well as the evaluation of recoverable amount of exploration and evaluation assets require significant judgment. Management considers various factors including, but are not limited to, financial and human resources available, exploration budgets planned, importance and results of exploration work done previously, industry and economic trends and price of minerals.

vi) *Valuation of tax credits related to resources and mining tax credits*

Tax credit related to resources and mining tax credit for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection.

The calculation of the Company's credits necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to tax credit related to resources and to mining tax credit, exploration and evaluation assets and income tax expense in future periods.

The amounts recognized in the consolidated financial statements are derived from the Company's best estimation and management's judgment as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore have an impact on the Company's financial position and its cash flows.

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian dollars – unaudited)

5. Intangible assets

Intangible assets consist of digital currencies. Digital currencies are typically part of a decentralized system of recording transactions and issuance of new units and rely on cryptography to secure its transactions, to control the creation of additional units, and to verify the transfer of assets.

Ether Coins

During the year ended December 31, 2018, the Company received 3,936 Ether coins in consideration for the issuance of \$3,708,692 convertible debentures (Note 12). The continuity of Ether coins is as follows:

	Number of Ether Coins	Ether Coins \$
Digital currency received on issuance of convertible debentures	3,936	3,708,692
Loss on revaluation adjustment	-	(3,003,302)
Balance December 31, 2018	3,936	705,390
Sale of digital currency	(2,958)	(840,830)
Payments made with digital currency	(958)	(254,056)
Gain on revaluation adjustment	-	392,865
Balance December 31, 2019	20	3,369
Payments made with digital currency	(20)	(3,369)
Balance March 31, 2020	-	-

During the year ended December 31, 2019, the Company sold 2,858 Ether coins for proceeds totalling \$745,046 (fair value of \$802,860), and recorded a loss on sale of \$57,814. The Company transferred 100 Ether coins at a value of \$23,660 (fair value of \$37,970) to a debenture holder related to the repurchase of debentures and recorded a loss on sale of \$14,310. During the year ended December 31, 2019, the Company made payments of \$246,484 for director fees, director travel reimbursements and prepaid expense reimbursement to directors with 922 Ether coins (fair value of \$240,575), and paid \$13,582 with 36 Ether coins (fair value of \$13,481) for office expenses and research and development expenses. The Company recorded a gain on the payments of \$6,010.

As at December 31, 2019, the Company held 20 (December 31, 2018 – 3,936) Ether coins with fair value of \$3,369 which was below the original cost of the coins and accordingly all fair value changes have been recorded in the statement of loss and comprehensive loss.

During the period ended March 31, 2020, the Company made a payment of \$3,701 for director fees with 20 Ether coins (fair value of \$3,369). The Company recorded a gain on the payment of \$332.

As at March 31, 2020, the Company held nil (December 31, 2019 – 20) ether coins with fair value of \$nil (December 31, 2019 - \$3,369).

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020

(Expressed in Canadian dollars – unaudited)

5. Intangible assets (continued)

Kamari Coins

During the year ended December 31, 2019, the Company received 24,000,000 Kamari coins in consideration for the issuance of \$7,834,000 in convertible debentures (Note 12). On the date of issuance, the Kamari coins' fair value was \$24,268,723. The continuity of Kamari coins is as follows:

	Number of Kamari Coins	Kamari Coins \$
Digital currency received on issuance of convertible debentures	24,000,000	24,268,723
Revaluation adjustment	-	(1,921,778)
Balance December 31, 2019	24,000,000	22,346,945
Revaluation adjustment	-	(487,241)
Balance March 31, 2020	24,000,000	21,859,704

As at December 31, 2019, the Company held 24,000,000 (December 31, 2018 – nil) Kamari coins with a fair value of \$22,346,945 which was below the original cost of the coins and accordingly all fair value changes in the amount of \$1,921,778 related to the impairment loss have been recorded in the statement of loss and comprehensive loss.

The 24,000,000 Kamari coins received in consideration for the convertible debenture are subject to the following voluntary transfer restrictions without the prior written consent of Kamari: (i) in any one-month period, transfer, directly or indirectly, is limited to 1/30th of the total number of Kamari forming the consideration; and (ii) on any given day, any sale on an exchange is limited to 5% of the total volume of Kamari traded. As of March 31, 2020, 3,200,000 (December 31, 2019 - 800,000) Kamari were available for disposal or transfer.

As at March 31, 2020, 12,800,000 Kamari coins totaling \$11,658,509 (December 31, 2019 - 10,400,000) will be available for disposal or transfer within the next twelve months and was classified as a current asset. The remaining coins were classified as a long-term asset.

As at March 31, 2020, the Company held 24,000,000 (December 31, 2019 – 24,000,000) Kamari coins with fair value of \$21,859,704 (December 31, 2019 - \$22,346,945).

6. Exploration and Evaluation Assets

	Villebon Property	Julie and Isoukoustouc Projects	Lithium Properties	Le Royal Property	Ungava Property	Iceland Property	Kings of the North	Manicouagan	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
December 31, 2017	1	501,776	32,537	239,416	2,708	783,683	-	-	1,560,121
Acquisition costs	-	-	-	-	-	1,008,466	68,958	-	1,077,451
Exploration costs	-	133,653	1,668	44,855	-	212,448	111,962	-	504,585
Less: Impairment	-	-	(34,205)	-	(2,708)	-	-	-	(36,912)
December 31, 2018	1	635,429	-	284,271	-	2,004,597	180,947	-	3,105,245
Exploration costs	-	136,224	-	-	-	52,879	-	-	189,103
Disposal of property	(1)	(771,653)	-	-	-	-	(180,947)	-	(952,601)
December 31, 2019	-	-	-	284,271	-	2,057,476	-	-	2,341,747
Acquisition costs	-	-	-	-	-	-	-	355,544	355,544
March 31, 2020	-	-	-	284,271	-	2,057,476	-	355,544	2,697,291

The exploration and evaluation assets are described in more detail below.

St-Georges Eco-Mining Corp.

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6. Exploration and Evaluation Assets (continued)

Villebon Property

The Villebon Property is located within the Abitibi Greenstone Belt of northwestern Quebec.

In a prior year, the Company concluded there were indications that certain of the remaining claims comprising the asset and may be impaired and as a result, the Company recorded an impairment charge to write the property down to a nominal value. During the year ended December 31, 2019, the Company disposed of the Villebon Property when the Company sold Kings of the North Corp. and recognized a disposal of property of \$1.

Julie and Isoukustouc Projects

The Julie Project is located south of Lac La Blache, Quebec and the Isoukustouc Project is located within the Manicouagan River – Manic Complex, Quebec.

During the year ended December 31, 2019, the Company disposed of the Julie and Isoukustouc property when the Company sold Kings of the North Corp. and recorded a disposal of property of \$771,653.

Lithium Properties

The Lithium Properties are comprised of a block of projects located in Quebec.

During the year ended December 31, 2018, the Company recorded an impairment loss of \$34,205 on the Lithium Properties to bring its carrying value to \$nil, but still retains the rights.

Ungava Property

The Ungava Property is located in the Ungava Bay region, Quebec.

During the year ended December 31, 2018, the Company recorded an impairment loss of \$2,708 on the Ungava Property bringing its carrying value to \$nil.

Le Royal Property

The Le Royal Property is located north of Val d'Or, Quebec.

On July 15, 2016, as last amended on October 7, 2016, the Company entered into an Option Agreement with Lepidico Ltd. (formerly Platypus Minerals Ltd.) ("Lepidico"), a company listed on the Australian Stock Exchange, to jointly acquire up to a 100% interest in the Le Royal Property. The distribution will be a 90% interest for the Company and a 10% interest for Lepico.

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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6. Exploration and Evaluation Assets (continued)

The Company is required to fulfill the following in order to acquire its interest in the Le Royal Property:

Acquisition:

On or before October 11, 2016	Issuance of 1,500,000 common shares (issued, at a fair value of \$45,000 (Completed).
On or before April 10, 2017	Issuance of 500,000 common shares (issued, at a fair value of \$25,000 (Completed).
On or before October 11, 2017	Issuance of 1,000,000 common shares and \$50,000 to be paid as cash or shares with a minimum \$0.05 share price (issued 2,000,000 common shares total with a fair value of \$130,000 to fully settle this acquisition payment).

Exploration work:

On or before October 7, 2019	Complete \$450,000 in exploration work. Magnor Exploration Inc. will be guaranteed \$100,000 of the contracts for work at fair market value. Lepidico has agreed to extend the expenditure requirement.
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Milestone payments:

Payable in cash or issuance of common shares. If the Company elects to issue shares, the number of shares will be determined based on the volume weighted average price for 5 trading days post announcement of the NI43-101 resource.	Compliant NI43-101 5 million tonnes at 1.0%: \$500,000 payable in cash or shares. Compliant NI43-101 10 million tonnes at 1.0%: \$1,000,000 payable in cash or shares.
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Finder's fee:

Issuance of 360,000 common shares (issued, with a fair value of \$18,000 (Completed) and 3% of all planned payments, excluding the Milestone payments noted above.*

Lepidico paid an initial \$10,000 and will provide access of its lepidolite-lithium extraction technology to the Company for the Le Royal Property. Lepidico has the option to increase its ownership interest in the Le Royal Property up to 1 year after the date of acquisition by paying the Company 150% of 40% of its total expenditures and after 1 year after the date of acquisition by paying the Company 200% of 40% of its total expenditures.

The optionor is entitled to a 1% NSR, based on zone requirements and can be reduced on the basis of additional claims acquired by the Company, such that the NSR does not exceed 2%. The Company has the right to purchase 0.5% of the NSR from the optionor at any time for a total cash sum of \$1,000,000.

Manicouagan Nickel-Copper-PGE Project

On January 27, 2020, the Company entered into an agreement to acquire 100% of the Manicouagan Nickel-Copper-PGE project located 165km north of its 100% owned Julie Nickel-PGE project on the Quebec North Shore. This project was co-owned by Exploration J. F. Inc and Frank Dumas (director of the Company).

The Company will issue 5 million shares to Exploration JF Inc. A 2 years escrow period with timed release will be imposed on Exploration JF Inc.; All three million shares issued to Frank Dumas will be subject to escrow for 60 months from issuance; \$50,000 will be paid in two installments to Exploration JE Inc., \$25,000 at signing and \$25,000 at the anniversary date of the agreement; and a 2% NSR will be granted to the vendors as well as a zone of influence covering the 2 NTS sheets where the project is located.

On February 6, 2020, pursuant to the agreement, the Company issued 5,000,000 shares at a price of \$0.07 per share to the vendors, including 2,000,000 shares to Exploration JF Inc. subject to a 2-year escrow period; and 3,000,000 shares to Frank Dumas subject to a 60-month escrow period (Note 13).

St-Georges Eco-Mining Corp.

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6. Exploration and Evaluation Assets (continued)

Iceland Resources EHF

The Iceland Properties are located in Iceland.

On November 16, 2016, the Company entered into a Binding Term Sheet with Iceland Resources, an exploration company incorporated under the laws of the Republic of Iceland, with a focus on the Scandinavian region. On February 28, 2017, the Company and Iceland Resources executed a Purchase of Business Agreement (the “Purchase Agreement”), whereby the Company will acquire all of the issued and outstanding shares of Iceland Resources for total consideration of \$850,000 as follows:

- Payment of \$500,000 by way of issuance of 6,000,000 common shares of the Company (issued 6,450,000 common shares with a fair value of \$129,000 of which 450,000 common shares were finder shares);
- Issuance of a 40% interest in Iceland Resources back to the shareholders of Iceland Resources prior to the acquisition;
- Issuance of a convertible debenture of \$350,000, bearing interest at a rate of 6% per annum and maturing December 31, 2026 (Note 12).

The purchase price was allocated as follows:

	\$
Total consideration paid (Shares and debentures)	479,000
Allocation to identifiable assets acquired:	
Other assets	(949)
E&E Assets	(478,051)
Residual amount allocated to E&E assets acquired	479,000

On October 6, 2018, the Company entered into a share purchase agreement (“SPA”) with the minority shareholders of Iceland Resources, to acquire the remaining 40% interest in Iceland Resources, such that Iceland Resources is now a wholly owned subsidiary of the Company.

Under the terms of the SPA, the Company:

- Paid \$60,000;
- Issued 727,128 common shares of the Company on December 31, 2018 with a fair value of \$36,356; (Note 13)
- Issued 6% capitalised interest debenture convertible into common shares at a price equal to a 5 days VWAP on the day of the conversion, subject to a minimum price of \$0.15 per share, for an aggregate principal amount of \$300,000; (Note 12) (Converted \$255,103 debentures into 1,700,687 shares on January 14, 2019, and converted \$22,106 debentures into 147,373 shares on April 11, 2019 (Note 13)) and
- Issued 300,000 share purchase warrants of the Company, exercisable at a price of \$0.15 per share for a period of one year with a fair value of \$12,110.

St-Georges Eco-Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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6. Exploration and Evaluation Assets (continued)

On October 11, 2018, Iceland Resources executed a share purchase and subscription agreement with Spá EHF and Íslensk Vatnsorka EHF, to allow Iceland Resources to acquire 15% interest in Íslensk Vatnsorka EHF, a private company with its main project being Hagavatnsvirkjun, a 10-20 MW hydro power plant located just south of Langjökull in Iceland.

The Company may earn a 15% interest in Íslensk Vatnsorka EHF, as follows:

- Acquiring 5% of the Íslensk Vatnsorka EHF securities from Spá EHF in consideration of the issuance of a convertible debenture in the aggregate principal amount of \$200,000 bearing interest at a rate of 6% per annum capitalised annually, maturing on the date which is 10 years from its date of issuance, and convertible in shares at a 20% discount from the 7 days volume weighted average price of the share price subject to a minimum of \$0.10 per share from its issuance until the Maturity Date; (Converted into 2,000,000 shares on December 31, 2018 (Note 13))
- Subscribing to 10% of the Íslensk Vatnsorka EHF securities in consideration of a convertible debenture in the aggregate principal amount of \$200,000 bearing interest at a rate of 6% per annum capitalised annually, maturing on the maturity date, and convertible in shares at the Discount Price subject to a minimum of \$0.15 per share; (Converted into 1,333,333 shares on January 14, 2019 (Note 13)); and
- A convertible debenture in the aggregate principal amount of \$200,000 bearing interest at a rate of 6% per annum capitalized annually, and convertible in shares subject to a minimum of \$0.20 per share (Note 12).

Kings of the North Corp

During the year ended December 31, 2017, the Company established a wholly-owned subsidiary, KOTN, to facilitate mining transactions in Canada.

In 2017, KOTN entered into a Letter of Intent (“LOI”) with Canadian Orebodies (TSX-V: CORE, “CORE”) in order to option or “farm-in” CORE’s Hemlo North Project. Hemlo North is located approximately 17 km northeast of the Hemlo gold mine in the Ontario’s Marathon district.

Winter House Option

On November 20, 2017, the Company announced that KOTN entered into an option agreement to acquire an 87% interest in the Winter House project.

In June 2018, KOTN issued 2,000,000 shares for the acquisition of Winter House project.

Sale of Kings of the North Corp.

On May 29, 2019, the Company and the minority shareholders of KOTN entered into a share purchase agreement with BWA, pursuant to which BWA acquired of all the issued and outstanding shares of KOTN for an aggregate consideration of \$7,500,000 or approximately £4,400,000 unsecured, convertible interest-free loan notes (“Notes”) with an initial repayment date three years after issued at a minimum price of £0.005 per share at the time of conversion.

On September 30, 2019, BWA’s shareholders voted to approve the acquisition of KOTN. The Company received £2,451,409 (CAD\$4,183,000) of convertible loan notes with a fair value of \$2,698,575 on the completion of the sale (Note 10), and recognized a gain on the disposal of \$1,445,974.

St-Georges Eco-Mining Corp.

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6. Exploration and Evaluation Assets (continued)

Lithium Extraction Technology

On December 7, 2017, the Company announced that it had entered into a final agreement to deploy its proprietary lithium extraction suite of technologies (“SX Technologies”).

St-Georges and Iconic Minerals Ltd (TSX-V: ICM) (“Iconic”) entered into a definitive exclusive technology licensing agreement for all sites to be operated by Iconic and/or its affiliates in the state of Nevada.

In return for a perpetual license for the SX Technologies and its future improvements, Iconic will provide the following to St-Georges:

- Invest by way of private placement CAD \$100,000 in St-Georges equity within 6 months or the next private placement offering (Iconic executed its options to invest \$100,000 into the share capital of the Company on the private placement closed on January 14, 2019 (Note 13));
- Issue in total 5 million common shares (“Shares”) of Iconic to be released in stages, based on benchmarks reached. The performance schedule outlining the stages of each development phase where Shares will be issued according to the schedule below:

2,000,000 Shares at Stage 1 Benchmark completion: which is defined by the delivery of an independent laboratory report by the Company (received on August 29, 2019);

1,500,000 Shares at Stage 2 Benchmark completion: which is defined by independent report describing results of initial pilot mining operations and the processing of a minimum of one (1) metric ton in a simulated industrial environment; and

1,500,000 Shares at Stage 3 Benchmark completion: which is defined by the reception of a Preliminary Economical Assessment Report (PEA) or at commercialization decision or the third (3rd) year anniversary mark of this agreement assuming other issuance have all been done.

The Shares St-Georges earns in each stage will be escrowed for the duration of 36 months.

- A perpetual Net Revenue Interest Royalty (NRI) of 5% on all minerals produced on sites licensed with SX Technologies.

On July 24, 2019, the Company completed the Independent Review of the Stage 1 report name “Bonnie Claire Metallurgical Evaluation and Process Development”, and the report was delivered to Iconic. On August 29, 2019, Iconic issued 2,000,000 common shares to the Company (Note 9) with a fair value of \$118,293 upon completion of the Stage 1 benchmark. The shares will remain in escrow for three years.

St-Georges Eco-Mining Corp.

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6. Exploration and Evaluation Assets (continued)

St-Georges Lithium recovery for Clays and Hard Rock Technology

SX Technologies process lithium bearing material in three (3) phases:

1. Concentrates the lithium bearing material.
2. Converts the lithium to a salt and purifies it through lithium selection. The process involves gasification to activate the lithium and selectively removing the lithium salt from the other elements with the usage of a proprietary technique, which will be kept confidential at this stage.
3. It involves purification and direct production of lithium carbonate or lithium hydroxide and can be linked to a lithium metal production.

On August 8, 2018, the Company announced that it has signed a binding term sheet with Hipo Resources Ltd. (“Hipo”), a public company based in Australia to provide research and development utilizing products, extraction methods and proprietary technology to develop Hipo’s Democratic Republic of Congo lithium project in separation, recovery, and purification of lithium from its lithium-bearing material. Once a definitive agreement has been entered into, Hipo will issue to the Company up to 27,000,000 common shares of its capital stock over a 36-month period.

The performance benchmarks over the 36-month period according to the schedule below:

- 1,500,000 shares at signing, which have not been received as at March 31, 2020.
- 8,500,000 shares at Stage 1 Benchmark completion: which is defined by the delivery of an independent laboratory report commissioned by the Company, indicating positive viable lithium recoveries.
- 8,500,000 shares at Stage 2 Benchmark completion: defined by independent report describing results of initial pilot mining operations and the processing of a minimum of one (1) metric ton in a simulated industrial environment.
- 8,500,000 shares at Stage 3 Benchmark completion: defined by the receipt of either: a Preliminary Economical Assessment Report (PEA); a commercialization decision; the third (3rd) year anniversary of this agreement assuming all other issuances have been made.

The Company has agreed that shares issued will be subject to a 36 months escrow period.

The Company will be entitled to a 5% Net Revenue Return Royalty from all metals and minerals extracted and sold using the extraction processing. As at March 31, 2020, no definitive agreement has been entered into.

7. Blockchain and commitments

On January 14, 2018, the Company assigned its blockchain and smart contract technology license agreement with Qingdao Tiande Technologies Limited (“Tiande”) and cash of \$496,195 to ZeU in consideration of 20,000,000 common shares and the assumption of the royalty obligations.

Under the terms of the License, Tiande has granted ZeU an exclusive license to use Tiande’s proprietary technologies, patents and know-how to develop and commercialize novel mineral commodity production chain control, tracking and trading exchanges. In consideration for the rights granted under the License, ZeU shall pay to Tiande a royalty of 8% of the gross revenues derived from the Licensee.

On December 21, 2018, ZeU entered into an agreement with Prego International Group AS (“Prego”) to develop and integrate certain proprietary technologies in a Global Multi Payment and E-Money Services Platform (“Services”).

Under the agreement, ZeU and Prego will share equally the costs of the Services as follows:

- Phase 1 –preface: Innovation lab: US\$675,000, including the setup cost and license fees of the full platform;
- Phase 2 –pilot operational: US\$750,000, including full system integration with “POC” testing and user testing with stress test of the platform in 60 days with a complete report; and
- Phase 3–project launched and running (upscale/internationalization), including a full platform, service ready to go, for implementation in multiple global markets.

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7. Blockchain and commitments (continued)

ZeU is waiting upon Prego's financing initiatives before moving into the phases.

On February 4, 2019, ZeU executed an asset purchase agreement with VN3T Technologies Inc. and its subsidiaries, collectively "VN3T", an arm's length party to acquire the key IP of VN3T's decentralized data market place platform and secured development services.

Under the agreement, ZeU paid \$150,000 to VN3T for the IP by the issuance of a debenture of ZeU maturing 2 years from its issuance and convertible into common shares of ZeU at a price equal to the 5-day volume weighted average price ("VWAP") of the shares on the CSE, subject to a minimum of \$1.85. ZeU agreed to retain the services of VN3T for a gross amount of \$60,000 to assist with the development of certain aspects of the IP.

Under the agreement, VN3T also granted ZeU an exclusive option to acquire the additional assets for purchase price of \$25,000, which would be satisfied by the issuance of a \$25,000 debenture under the same terms and conditions. As at March 31, 2020, \$220,000 (December 31, 2019 - \$220,000) was expensed in research and development as the technological feasibility has not yet been achieved (Note 8).

On March 8, 2019, ZeU agreed to provide its patent pending Blockchain Random Number Generator and other related blockchain technologies to St. James House PLC ("St. James"), a UK licensed gaming operator, by the way of joint-venture for the establishment of a blockchain lottery. The agreement calls for the establishment of a new lottery joint-venture with its main license in Malta. The Lottery Joint-Venture ("Lottery JV") will combine St. James' expertise in regulated lottery management and administration with ZeU's innovative blockchain based technology. St. James' who will act as the lottery operator and hold a 45% equity interest in the Lottery JV, and ZeU will hold 19.9%, the Company will hold 19.9% and the balance with independent investors. All technology operating costs of the Lottery JV will be met by ZeU, and in return ZeU will charge a service fee that will not exceed 90% of the revenues from the Lottery JV. Profits generated by the Lottery JV will be distributed as a dividend to the shareholders.

Additional consideration, in excess of the 19.9% of the net profits that ZeU will receive and the revenues generated for the technology usage, ZeU will receive from St. James' new UK subsidiary, LottoCo, 100,000 non-voting, zero-coupon redeemable preferred shares with a par value of 2 pence (the "Preferred Shares"). The Preferred Shares will be redeemable in 21 years with the redemption price to be fixed within 3 months after the issuance of the audited financial statements of the Lottery JV for the second year of operations and will be based on an independent valuation report. At the discretion of ZeU, the Preferred Shares may be exchanged on the basis of one Preferred Share for two ordinary shares of 1 pence each in St. James ("Ordinary Shares"), with notice to be given one day before the Preferred Shares are due to be redeemed in 21 years, i.e. a maximum of 200,000 Ordinary Shares may be issued.

On August 2, 2019, ZeU and St. James House executed a long form agreement for the creation of a Maltese Joint-Venture corporation that will manage the operation of a blockchain-based lottery operated by St. James and developed and maintained by ZeU. As at March 31, 2020, the Lottery JV remains inactive and did not incur any expenses or make any payments.

On May 28, 2019, ZeU signed a binding term sheet with Star Epigone Capital Ltd. ("Star Epigone") of the British Virgin Islands to provide a license for ZeU's Random Number Generator to be used by Star Epigone in its online gaming product offering. The final agreement is subject to regulatory approval.

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7. Blockchain and commitments (continued)

On May 27, 2019, ZeU entered into a binding term sheet to acquire 2,100,000 first rank preferred shares, non-voting, of vSekur Network Ltd. (“vSekur”). The shares have a redemption value of \$1.00 and bear a 6% annual interest. The preferred shares can be converted into common shares of vSekur at the current value of \$1 each, or at the last equity raise price. ZeU will have the right to maintain its equity position with a right of first refusal in all future financing efforts of vSekur. If converted into common shares, this would represent more than 21% of vSekur’s outstanding common shares. The binding term sheet also states that ZeU will enter into an exclusive partnership agreement in order to provide cybersecurity solution services in the blockchain market. ZeU plans to subcontract the security component of its healthcare data SaaS solution representing an initial estimate of approximately \$1,500,000 over the next two years. ZeU and vSekur estimate the initial 6 months design costs to be a minimum of \$120,000 to which ZeU will contribute \$60,000. ZeU will contribute an additional \$640,000 in the following 2 years. As at March 31, 2020, ZeU has expensed \$280,000 (December 31, 2019 - \$280,000) for this project (Note 8).

Under the agreement ZeU will issue to vSekur 215,325 convertible debenture units with a minimum floor conversion of \$3.25 per unit for a one-year period. As at March 31, 2020, this transaction is being renegotiated.

On November 5, 2019, ZeU has also executed a joint venture agreement with Kamari Limited (“Kamari”) of Malta for the joint development and deployment of lotteries and gaming offering in Africa (“JV Co.”).

Under the terms of the JV Co., both parties agreed to invest up to Euro 50,000, ZeU agreed among other things, to grant JV Co. a non-exclusive licence to its technologies in exchange for a 30% interest in JV Co., and Kamari agreed to provide JV Co. with support in accessing online lottery markets exchange for a 70% interest in JV Co. As at March 31, 2020, the JV Co. remains inactive and did not incur any expenses or make any payments.

On January 31, 2020, ZeU entered into a binding term sheet with Dalgo Inc., a New York AI Specialist & Data Trading Exchange Developer. Dalgo Inc. will be integrated in the stage 2 development of the MulaMail data trading platform and in the SaaS Patient HealthCare data auction module development. Dalgo Inc. will integrate ZeU’s encryption technology into its own suite of solutions and will allocate resources to allow it to participate in the 2020 cycle of the US Federal Procurement Process including but not limited, to the DoD Procurement Cycle.

The ZeU will subscribe to 10% of the outstanding common shares of Dalgo Inc. by issuing a CAD \$300,000, three -year, 10% convertible debenture with a conversion floor price of CAD\$1.00. The interest and capital can be repaid in shares at the discretion of ZeU. The securities issued will be under a regulatory hold period. ZeU will incur development costs for the healthcare data SaaS in the amount of \$150,000 over a period of 12 months

ZeU developed Derivative Marketplace with its blockchain marketplace platform for Borealis Derivatives DEX ehf (“Borealis”), which is a Decentralized, Distributed, Digital Derivative marketplace. The pseudo-coding phase of the Marketplace’s platform has been initiated with the initial effort focused on the asset-spent back-stopped token. ZeU monitored and learned from the HODLdex initiative, allowing for important paradigm changes in the conception of the marketplace. The roll-out of the marketplace commodity token should occur in the late summer. During the period ended March 31, 2020, ZeU recorded revenue of \$85,000 on the development of Borealis Derivative Marketplace.

8. Research and development expenses

During the period ended March 31, 2020, ZeU incurred expenditures of \$236,294 (2019 - \$89,717) related to the development of the blockchain technology. Since the technological feasibility has not been yet achieved, all these expenditures were expensed in the statement of loss and comprehensive loss. Future expenditure on the development of the technology may meet the guidelines and could be capitalized at that time.

St-Georges Eco-Mining Corp.

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9. Marketable Securities and Equity Investments

Marketable securities consist of shares of publicly traded companies. Marketable securities are reported at their fair market value. The Company has the following investments at March 31, 2020:

	Number of Shares	Fair value
		\$
Iconic Minerals Ltd. (“Iconic”) ⁽¹⁾	2,000,000	58,037
ThreeD Capital Inc. ⁽²⁾	5,000,000	75,000
		<u>133,037</u>

(1) On August 29, 2019, Iconic issued 2,000,000 common shares with a fair value of \$118,293 to the Company upon completion of the Stage 1 benchmark. The shares will remain in escrow for three years. (Note 6). The carrying value of \$58,037 of this marketable security was presented as a long-term asset in the consolidated statements of financial position as at March 31, 2020.

(2) On December 23, 2019, the Company received 5,000,000 common shares of ThreeD Capital Inc. at a price of \$0.05 per common share and a cash payment of \$50,000 from ThreeD Capital Inc. for the acquisition of 3,000,000 units of the Company at a price of \$0.10 per unit, a private placement closed on December 23, 2019. (Note 13)

During the period ended March 31, 2020, the Company recorded an unrealized loss of \$221,297 (2019 - \$nil) on the marketable securities.

On October 31, 2019, the Company converted £300,000 of its convertible debenture investment (Note 10) into 60,000,000 ordinary shares of BWA. On initial recognition, the Company determined the fair value of the shares to be \$459,443. As a result of the conversion, the Company obtained significant influence over BWA due to its percentage ownership of 22%, and accordingly, equity method accounting was applied from October 31, 2019 forward. From October 31, 2019 to December 31, 2019, the Company recognized its share of BWA’s net loss of \$56,992 in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2019. As at December 31, 2019, the carrying value of the Company’s equity accounted investment in BWA was \$402,451.

As at March 31, 2020, the carrying value of the Company’s equity accounted investment in BWA is \$316,849. The Company recognized its share of BWA’s net loss of \$85,602 in the condensed consolidated interim statement of loss and comprehensive loss for the period ended March 31, 2020.

10. Convertible debenture investment

On September 30, 2019, the Company received £2,451,409 of convertible debenture with a fair value of \$2,698,575 upon the completion of the sale of KOTN to BWA (Note 6). The BWA convertible debenture is unsecured, interest-free with an initial repayment date of 3 years from its issuance, and convertible into shares of BWA at a minimum price of £0.005 per share at the time of conversion or the VWAP of the 10 consecutive trading days preceding conversion. The conversion option is limited to 29% of the voting rights at the conversion date. On October 31, 2019, the Company converted £300,000 of the convertible debenture (Note 9) with a fair value of \$459,443 into 60,000,000 ordinary shares of BWA. During the year ended December 31, 2019, the Company recognized a loss on the change in fair value of the convertible debenture of \$25,568. As at December 31, 2019, the remaining principal amount of the convertible debenture investment is £2,151,409 and the fair value is \$2,213,564.

As at March 31, 2020, the remaining principal amount of the convertible debenture investment is £2,151,409 and the fair value is \$2,345,805. The Company recognized a gain on the change in fair value of the convertible debenture of \$132,241.

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11. Accounts payable and accrued liabilities

	March 31, 2020	December 31, 2019
	\$	\$
Accounts payable (Note 17)	1,004,761	948,101
Accrued liabilities (Note 17)	247,445	141,447
	<u>1,252,206</u>	<u>1,089,548</u>

As of March 31, 2020, the Company has recorded an obligation of \$64,973 (December 31, 2019 - \$64,973) for consulting fees to be settled with the issuance of common shares.

12. Convertible Debentures

a) Convertible Debentures issued in 2018

On October 6, 2018, the Company granted a 6% unsecured convertible debenture for an aggregate principal amount of \$300,000. The convertible debenture issued had a maturity date of October 6, 2019 and can be convertible into common shares of the Company at the 5-day weighted average share price, subject to a minimum price of \$0.15.

During the year ended December 31, 2019, debentures with a total face value of \$277,209 together with accrued interest were converted into 1,848,060 shares (Note 13). On October 6, 2019, the Company extended the maturity date of the remaining \$22,791 debentures to October 6, 2021. The variance between the discounted cash flow of the debt based on the original terms and the amended terms at modification date was greater than 10%. Accordingly, the amendment to the terms of the convertible debentures was accounted as an extinguishment of debt in accordance with IFRS 9. During the year ended December 31, 2019, the Company recognized a gain on extinguishment of the original liability of \$14,900.

On October 11, 2018, the Company granted three 6% unsecured convertible debentures for an aggregate principal amount of \$600,000. The convertible debentures issued had a maturity date of October 11, 2028 and can be convertible into common shares of the Company at a 20% discount from the 7-day weighted average share price, subject to minimum prices ranging from \$0.10 to \$0.20. During the year ended December 31, 2018, debentures with fair value of \$200,000 were converted into 2,000,000 shares.

During the year ended December 31, 2019, debentures with a total face value of \$200,000 together with accrued interest was converted into 1,333,333 shares (Note 13).

As the conversion price of the convertible debentures issued in 2018 is variable, the Company accounted for the convertible debentures as a hybrid financial instrument with separate debt and derivative liability components. The derivative liability is recorded at fair value and deducted from the principal of the debt to arrive at the net principal which is recorded at amortised cost and will be accreted to face value over the life of the convertible note. The derivative liability is remeasured at fair value at each period subsequent to initial recognition. The fair value of the derivative liability as at December 31, 2019 was estimated to be \$112,074 (2018 - \$459,980).

As at March 31, 2020 the convertible debentures issued in 2018 was \$196,583 (December 31, 2019 - \$191,220) and the accretion and interest expense recognized during the period ended March 31, 2020 was \$5,363 (2019 - \$89,907).

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12. Convertible Debentures (continued)

a) Convertible Debentures issued in 2018 (continued)

On July 5, 2018, ZeU closed an initial tranche of its 10% unsecured convertible debentures offering for an aggregate principal amount of \$4,783,692 of which \$3,708,692 was issued in consideration of digital currencies delivered to the ZeU, \$550,000 was issued pursuant to signing bonus's where the management and consulting services will be earned over a period of four years and \$525,000 were issued for cash consideration. Each convertible debenture issued had a maturity date of July 5, 2020 and can be convertible into common shares of ZeU at the greater of \$1.00 or the price listed for each common share on an exchange. As the conversion price is variable, ZeU accounted for the convertible debentures issued for cash, based on IAS 32, as a hybrid financial instrument with separate debt and derivative liability components. The derivative liability is recorded at fair value and deducted from the face value of the debt to arrive at the liability component which is recorded at amortised cost and will be accreted to face value over the life of the convertible note. The derivative liability component is remeasured at fair value at each period subsequent to initial recognition. The fair value of the derivative liability as at December 31, 2019 was estimated to be \$78,719 (2018-\$58,083).

The convertible debentures of \$4,258,692 issued for the digital currencies and the signing bonuses were accounted as share-base payments in accordance with IFRS 2. The fair value of the debt component of these convertible debentures at inception was determined to be \$3,837,784, based on the estimated interest rate of 17% on the liability component, and the residual value of \$420,908 was recorded in the contributed surplus.

The terms of the signing bonus state that the employees must remain employees for a period of four years. If the employee resigns prior to the end of that period, they will be required to reimburse a pro rata portion of the signing bonus to ZeU. Accordingly, these convertible debentures were recognized to the extent that they vested and the compensation expenses for the year ended December 31, 2019 of \$482,568 (2018 - \$68,750) was recorded in the statement of loss. On November 25, 2019, the \$550,000 signing bonus together with \$76,549 of accrued interest was converted into 626,549 common shares of ZeU.

On September 10, 2019, ZeU redeemed \$23,660 convertible debentures with 100 Ether coins (Note 5).

On December 30, 2019, \$1,191,209 of these debentures, representing 25% of the principal amount together with accrued interest of the outstanding 10% debentures, were converted into 1,191,209 common shares of ZeU at a price of \$1 per share upon the listing of the shares on the CSE (Liquidity Event). During the year ended December 31, 2019, the Company recognized \$20,635 (2018 - \$nil) as loss on fair market value change in the derivative liability.

The carrying value of the convertible debentures of ZeU issued in 2018, including accrued interest, as at March 31, 2020 was \$3,703,470 (December 31, 2019 - \$3,579,727) and the accretion and interest expense recognized during the period ended March 31, 2020 was \$123,743 (2019 - \$179,871).

b) 2019 Convertible Debentures

On February 4, 2019, under the agreement with VN3T, ZeU issued a debenture in the amount of \$150,000 to VN3T in consideration for acquired research and development technology. The debenture matures in 2 years from its issuance and is convertible into common shares of ZeU at a price equal to the 5-day VWAP of ZeU's shares on the CSE, subject to a minimum of \$1.85. The convertible debenture was accounted as share-based payment in accordance with IFRS 2 as the consideration received was in the form of goods and services. The fair value of the debt component at inception was determined to be \$107,137, based on an interest rate of 17%, and the residual value of \$42,864 was recorded in contributed surplus. The carrying value of the convertible debentures, including accrued interest, as at December 31, 2019 was \$124,699 and the accretion and interest expense recognized during the year ended December 31, 2019 was \$17,561.

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12. Convertible Debentures (continued)

b) 2019 Convertible Debentures (continued)

During the period ended March 31, 2020, the accretion and interest expenses of the convertible debentures of ZeU issued to VN3T recognized was \$5,375 (2019 - \$nil).

On February 25, 2019, ZeU retained the services of Cassiopeia Services Ltd. (“CSL”), a UK based communication and investors awareness firm specialized in blockchain technology. ZeU issued a debenture in the amount of \$50,000 to CSL which is convertible at the greater of \$1.00 per share or the price listed for each common share on an exchange for a period of 2 years. The convertible debenture was accounted as share-based payment in accordance with IFRS 2. The fair value of the debt component at inception was determined to be \$35,713, based on an interest rate of 17%, and the residual value of \$14,287 was recorded in contributed surplus. The carrying value of the convertible debentures, including accrued interest as at December 31, 2019 was \$41,164 and the accretion and interest expense recognized during the year ended December 31, 2019 was \$5,452.

On February 11, 2020, the \$50,000 convertible debenture was converted into 50,000 common shares of ZeU at a deemed price of \$1.00 per share.

On November 13, 2019, ZeU completed a 12% unsecured convertible debenture financing in the principal amount of \$7,834,000, and in consideration ZeU received digital currency, consisting of 24,000,000 Kamari (“KAM”), (Note 5). Each convertible debenture may be converted into common shares of ZeU at a price equal to the greater of (i) \$1.50, and (ii) if the date of any conversion occurs after ZeU completes a transaction (“Liquidity Event”) pursuant to which it will become a “reporting issuer” under applicable Canadian securities laws, the 10-day volume-weighted average trading price of the shares of ZeU, immediately prior to the applicable conversion date. The debenture issued pursuant to the offering will have a maturity date of May 12, 2022. The KAM are subject to voluntary transfer restrictions (Note 5).

This convertible debenture was accounted as share-base payment in accordance with IFRS 2 as ZeU received intangible assets. The fair value of the digital currencies received in consideration for the convertible debentures with the principal amount of \$7,834,000 was \$24,268,723. The excess value of \$16,434,723 was recorded in contributed surplus at inception. The fair value of the liability component at inception was determined to be \$6,925,051, based on an interest rate of 17%, and the residual value of \$908,949 was recorded in contributed surplus. The carrying value of the convertible debentures, including accrued interest as at December 31, 2019 was \$3,540,330 and the accretion and interest expense recognized during the year ended December 31, 2019 was \$155,609.

Upon the occurrence of a Liquidity Event, ZeU will be entitled to require the holders of the convertible debentures to convert up to 50% of the principal amount outstanding, together with any accrued and unpaid interest owing thereon, into share of ZeU at the conversion price.

On December 30, 2019, \$3,963,445 of these debentures, representing 50% of the principal amount together with accrued interest on the outstanding 12% debentures, were converted into 2,642,297 common shares of ZeU at a deemed price of \$1.50 per share.

During the period ended March 31, 2020, the accretion and interest expense of the convertible debentures issued to KAM recognized was \$152,181 (2019 - \$nil).

During the period ended March 31, 2020, the Company total recognized accretion and interest expenses of \$287,469 (2019 - \$269,778) on all the convertible debentures.

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13. Share Capital

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, voting, participating and with no par value. The share capital of the Company consists only of fully paid common shares.

The holders of common shares are entitled to receive dividends, which may be declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

2019

On January 14, 2019, the Company completed a private placement by issuing a total of 6,300,000 units at a price of \$0.10 per unit for gross proceeds of \$630,000, each unit being comprised of one common share and one share purchase warrant, entitling the holder to purchase an additional share at a price of \$0.185 per share until January 14, 2021. At its discretion, the Company will be able to force the exercise of the warrants if the price of the common shares is at or above the VWAP of \$0.85 for 10 consecutive days. No value was assigned to the warrants under the residual value method.

A total of \$15,313 cash and finder's warrants with a fair value of \$24,948 were paid allowing the purchase of up to 165,000 shares of the Company at \$0.10 per share on or before January 14, 2020. The fair value of the finder's warrants was estimated based on the following assumptions: share price at grant date of \$0.18; exercise price of \$0.10; expected life of 1 year; expected volatility of 232%; risk free interest rate of 1.87%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

On January 14, 2019, the Company issued 3,034,020 shares for the conversion of convertible debentures of the principal amount of \$455,103 (Notes 6 and 12) at a price of \$0.15 plus interest accrued. The carrying value of the debt component and the derivative liability of the debentures converted at the conversion date was \$802,690.

On April 11, 2019, the Company issued 147,373 shares for the conversion of convertible debentures of the principal amount of \$22,106 (Notes 6 and 12) at a price of \$0.15 plus interest accrued. The carrying value of the debt component and the derivative liability of the debentures converted at the conversion date was \$33,234.

On May 22, 2019, the Company issued 889,862 common shares for \$66,740 for the exercise of warrants.

On November 29, 2019, the Company closed a first tranche of 3,800,000 cash units and 1,201,000 flow-through units of its non-brokered private placement, at a price of \$0.10 per unit, for aggregate gross proceeds of \$500,100. Each cash unit is comprised of one common share and one share purchase warrant, entitling the holder to purchase one share at an exercise price of \$0.185 until August 29, 2020. Each flow-through unit is comprised of one common share and one-half of one share purchase warrant, entitling the holder to purchase one share at an exercise price of \$0.20 per share until August 29, 2020. The warrants were assigned a fair value of \$175,035 under the residual value method.

On December 18, 2019, the Company closed the second tranche of 250,000 cash units and 5,060,000 flow-through units of its non-brokered private placement, at a price of \$0.10 per unit, for aggregate gross proceeds of \$531,000. Each cash unit is comprised of one common share and one share purchase warrant, entitling the holder to purchase one share at an exercise price of \$0.185 until September 18, 2020. Each flow-through unit is comprised of one common share and one-half of one share purchase warrant, entitling the holder to purchase one share at an exercise price of \$0.20 per share until September 18, 2020. No value was assigned to the warrants under the residual value method.

The Company paid finders fee of \$32,480 in cash and issued 324,800 warrants with a fair of \$8,937 at an exercise price of \$0.20 per share until September 18, 2020. The fair value of the finder's warrants was estimated based on the following assumptions: share price at grant date of \$0.12; exercise price of \$0.20; expected life of 0.75 years; expected volatility of 118%; risk free interest rate of 1.74%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

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13. Share Capital (continued)

a) Common Shares (continued)

2019 (continued)

On December 23, 2019, the Company closed the third tranche of 3,000,000 cash units and 50,000 flow-through units of its non-brokered private placement, at a price of \$0.10 per unit, for aggregate gross proceeds of \$305,000. The Company received 5,000,000 common shares of ThreeD Capital Inc. at a deemed price of \$0.05 per common share and a cash payment of \$50,000 from ThreeD Capital Inc. for the acquisition of 3,000,000 units. Each cash unit is comprised of one common share and one share purchase warrant, entitling the holder to purchase one share at an exercise price of \$0.185 until September 23, 2020. Each flow-through unit is comprised of one common share and one-half of one share purchase warrant, entitling the holder to purchase one share at an exercise price of \$0.20 per share until September 23, 2020. A total of \$11,936 in cash was paid in connection with the private placement.

2020

On January 13, 2020, 165,000 warrants were exercised for proceeds of \$16,500, which was included in subscriptions received in advance as at December 31, 2019.

On January 17, 2020, the Company closed the final tranche of 1,600,000 cash units and 50,000 flow-through units of its non-brokered private placement, at a price of \$0.10 per unit, for aggregate gross proceeds of \$165,000. Each cash unit is comprised of one common share and one share purchase warrant, entitling the holder to purchase one share at an exercise price of \$0.185 until October 17, 2020. Each flow-through unit is comprised of one common share and one-half of one share purchase warrant, entitling the holder to purchase one share at an exercise price of \$0.20 per share until October 17, 2020.

On February 6, 2020, pursuant to the Manicouagan Nickel-Copper-PGE Project agreement, the Company issued 5,000,000 shares at a price of \$0.07 per share to the vendors, including 2,000,000 shares to Exploration JF Inc. subject to a 2-year escrow period; and 3,000,000 shares to Frank Dumas subject to a 60-month escrow period.

On February 11, 2020, the Company issued 114,975 common shares to settle \$14,372 of accounts payable.

During the period ended March 31, 2020, the Company received \$5,000 of subscriptions receivable from prior year private placements. The balance of subscription receivable as at March 31, 2020 is \$618,603 (December 31, 2019 - \$518,603).

b) Preferred shares

The Company is authorized to issue an unlimited number of preferred shares without nominal or par value. To March 31, 2020, the Company has not issued any preferred shares.

c) Share-based payment reserve

The share-based payment reserve account is used to record the accumulated fair value of stock options recognized as share-based payments. The reserve is increased by the fair value of these items on vesting and is reduced by the corresponding amounts when options are exercised (Note 14).

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13. Share Capital (continued)

d) Warrants

The following is a summary of changes in warrants from January 1, 2019 to March 31, 2020:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance as at January 1, 2019	8,664,862	0.15
Issued	16,995,300	0.19
Exercised	(889,862)	0.08
Expired	(7,775,000)	0.16
Balance as at December 31, 2019	16,995,300	0.19
Issued	1,625,000	0.19
Exercised	(165,000)	0.10
Balance as at March 31, 2020	18,455,300	0.19

At March 31, 2020, the warrants have a remaining average life of 0.58 years.

e) Contributed surplus

Contributed surplus includes the equity component of the convertible debentures issued for goods and services (Note 12) attributable to the Company. The carrying value as at \$7,997,822 (December 31, 2019 - \$8,009,339).

14. Share-based Payments

Stock Option Plan

On September 1, 2009, the Company established a stock-based compensation plan. Under the stock-based compensation plan, the board of directors of the Company may, from time to time, at its discretion, and in accordance with CSE requirements, grant to directors, officers and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding common shares exercisable for a period of up to five (5) years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised with a maximum period of one year after such death, subject to expiry date of such option.

The subscription price of the shares which may be issued under the plan must not be lower than the closing price of the last regular board lot sold on the CSE on the trading day immediately preceding the date of grant. The option price is payable in full at the time the options is exercised. The vesting periods in respect of the options are determined by the Board of Directors at the time of each grant of options.

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14. Share-based Payments (continued)

The following options were outstanding as at March 31, 2020:

Grant Date	Expiry Date	Exercise Price	Closing balance December 31, 2019	Issued	Cancelled/ Exercised/ Expired	Closing balance March 31, 2020	Vested
July 19, 2016	July 19, 2021	\$ 0.075	2,400,000	-	-	2,400,000	2,400,000
June 1, 2017	June 1, 2022	\$ 0.075	625,000	-	-	625,000	625,000
April 19, 2018	April 19, 2023	\$ 0.80	5,250,000	-	-	5,250,000	5,250,000
			8,275,000	-	-	8,275,000	8,275,000

The following options were outstanding as at December 31, 2019:

Grant Date	Expiry Date	Exercise Price	Opening balance December 31, 2018	Issued	Cancelled/ Exercised/ Expired	Closing balance December 31, 2019	Vested
April 3, 2014	April 3, 2019	\$ 0.20	650,000	-	(650,000)	-	-
July 19, 2016	July 19, 2019	\$ 0.075	200,000	-	(200,000)	-	-
July 19, 2016	July 19, 2021	\$ 0.075	2,400,000	-	-	2,400,000	2,400,000
July 28, 2016	July 28, 2019	\$ 0.075	200,000	-	(200,000)	-	-
June 1, 2017	June 1, 2022	\$ 0.075	625,000	-	-	625,000	625,000
April 19, 2018	April 19, 2023	\$ 0.80	5,250,000	-	-	5,250,000	5,250,000
			9,325,000	-	(1,050,000)	8,275,000	8,275,000

At March 31, 2020, the stock options have a weighted average exercise price of \$0.53 (December 31, 2019- \$0.53) and weighted average remaining life of 2.48 years (December 31, 2019 – 2.73 years).

15. Financial Risk Management and Financial Instruments

Financial Risk

The primary goals of the Company's financial risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, and to maintain an appropriate risk/reward balance while protecting the Company's balance sheet from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risks through preventive controls and transferring risk to third parties. The Company's exposure to potential loss from financial instruments is primarily due to various market risks, including interest rate, liquidity and credit risk.

Market Risk

Market risk is the risk of loss arising from adverse changes to market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchanges rates, and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the Company's primary market risk exposures and how those exposures are currently managed.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. To manage cash flow requirements, the Company may have to issue additional common shares or conclude private placements.

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15. Financial Risk Management and Financial Instruments (continued)

Financial Risk (continued)

As at March 31, 2020, the Company has current liabilities of \$5,211,442 (December 31, 2019 - \$4,925,041) due within 12 months and has cash of \$16,638 (December 31, 2019 - \$377,449) to meet its current obligations. As a result, the Company does face some liquidity risk considering its long-term debt.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the Company to credit risk consist primarily of cash. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. This amount best represents the maximum exposure to any potential credit risk and the risk is assessed as low.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market-interest rates. The Company's convertible debentures have fixed interest rates and accordingly are not subject to cash flow interest rate risk due to changes in the market rate of interest. The Company does not use financial derivatives to reduce its exposure to risk. Management considers its interest rate risk to be minimal.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

Fair Value Measurement

Fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The carrying amount and fair value of cash, accounts payables and obligation to issue shares are considered to be a reasonable approximation of fair value because of their short-term maturities.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Derivative liability and convertible denture investment are measured using level 3 inputs. The fair value of the derivative liability was determined using Black-Scholes Option Pricing Model with the following assumptions:

Share price	\$0.10 - \$2.5 (ZeU)	\$0.11 (Zeu) - \$0.13
Exercise price	\$0.15 - \$1	\$0.10 - \$1
Expected life	0.51 - 8.79 years	0.75 - 9.79 years
Volatility	108% - 284%	236% - 289%
Risk free interest rate	1.70%	1.86%
Dividend yield rate	0%	0%
Forfeiture rate	0%	0%

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15. Financial Risk Management and Financial Instruments (continued)

Financial Risk (continued)

The fair value of the convertible debenture investment was determined using an interest market rate of 17% and a Black-Scholes Option Pricing Model for the conversion feature using the following assumptions; share price of £0.003; exercise price of £0.005; expected life of 2.7 years; expected volatility of 70.65%; risk free interest rate of 0.71%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

The fair value of the marketable securities was determined using Level 1 inputs and Level 3 inputs for the 3 year lock up period which was determined using a Black-Scholes Option Pricing Model with the following assumptions:

Share price	\$0.08
Exercise price	\$0.08
Expected life	3 years
Volatility	140%
Risk free interest rate	1.32%
Dividend yield rate	0%
Forfeiture rate	0%

16. Capital Management

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at March 31, 2020, the Company's shareholders' equity was \$9,725,200 (December 31, 2019 - \$10,149,268). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term.

Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. To meet these objectives, management monitors the Company's capital requirements against unrestricted net working capital and assesses additional capital requirements on specific business opportunities on a case-by-case basis.

The capital for expansion is mostly from proceeds from the issuance of common shares. The net proceeds raised will only be sufficient for a certain amount of exploration and development work on its properties, and for working capital purposes. Additional funds will be required to finance the Company's corporate objectives. There was no change in the Company's capital management policy for the period ended March 31, 2020. The Company is not currently exposed to any externally imposed capital requirements.

17. Related Party Transactions

a) Related party transactions

During the period, the Company incurred transactions with related parties including companies or subsidiaries controlled by its Chief Executive Officer, President, CFO, Directors, Vice President of Exploration and corporate secretary. During the period ended March 31, 2020, the Company incurred management and administration fees, including bonuses, of \$230,307 (2019 - \$194,875), consulting fees of \$120,088 (2019 - \$89,717) which were expensed as research and development costs, and other consulting fees of \$nil (2019 - \$6,560).

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17. Related Party Transactions (continued)

a) Related party transactions (continued)

During the year ended December 31, 2018, related parties received signing bonuses in the form of convertible debentures for \$400,000 which are being recognised over the vesting period of 4 years (Note 12). The Company recognized \$68,750 as compensation expense during the year ended December 31, 2018 for signing bonus vested. On November 25, 2019, all of the signing bonus related to \$400,000 convertible debentures and accrued interest of \$55,672 were converted into 455,672 common shares of ZeU at a price of \$1 per share. The signing bonuses totaling \$454,521 provided to the management of ZeU were recorded as compensation expense during the year ended December 31, 2019.

b) Due to Related Parties

As at March 31, 2020, included in accounts payable and accrued liabilities is \$574,391 (December 31, 2019 - \$448,334) owing to directors. These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

c) Stock Options Granted

There were no stock options granted during the year ended December 31, 2019 or the current period.

18. Segmented Information

The Company currently operates two operating segments: the acquisition and exploration of mining properties and block-chain technology development. All of the Company's activities are conducted in Canada and Iceland.

Key decision makers review assets, liabilities and operating expenses as the primary indicators of segment information. The primary indicators are as follows:

March 31, 2020	Exploration of mining properties	Block-chain technology development	Total
	\$	\$	\$
Assets	5,687,870	21,862,830	27,550,700
Liabilities	739,408	8,491,202	9,230,610
Operating expenses	(292,204)	(667,821)	(960,025)
December 31, 2019	Exploration of mining properties	Block-chain technology development	Total
	\$	\$	\$
Assets	5,799,085	22,417,196	28,216,281
Liabilities	804,644	8,017,810	8,822,454
Operating expenses	(1,172,877)	(3,331,791)	(4,504,668)

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19. Subsequent Events

- On May 5, 2020, the Company received the permits for its 2020 seasonal work programs for the Vopnafjörður and Tröllaskagi gold and polymetallic licenses in Iceland. The Icelandic mineral licensing authority, Orkustofnun, approved the work programs submitted on March 31, 2020 by the Company.
- On June 29, 2020, the Company signed a binding letter of intent to acquire all of the issued and outstanding shares of Melmi ehf (“Melmi”), which owns a 100% interest in the Thor Gold Property. The Company only has a 41% farm-in option.

Under the terms of the binding letter of intent, the Company will pay up to \$775,000 in consideration of the Melmi shares as follows:

- (1) Pay \$65,000 upon the execution of the definitive share purchase agreement (“Definitive Agreement”);
- (2) Pay an additional \$60,000 on the earlier of: (a) 90 days after execution of the Definitive Agreement; and (b) the start of drilling on the Thor Property;
- (3) Issue \$400,000 of non-transferable debentures of the Company bearing a 6% annual interest, maturing 3 years from issuance, of which \$100,000 will be convertible into common shares of the Company at a deemed price of \$0.10 per share, \$150,000 at a deemed price of \$0.15 per share, and \$150,000 at a deemed price of \$0.20 per share;
- (4) As additional consideration, subject to and upon all the licenses applications having been granted, issue \$250,000 non-transferable debentures of the Company bearing a 6% annual interest, maturing 3 years from issuance, and convertible into shares of the Company at a deemed price of \$0.20 per share.

The acquisition remains subject to due diligence, the entering into the Definitive Agreement on or before September 29, 2020, and the approval of the Canadian Securities Exchange.

- On July 3, 2019, the Company announced an extension to the term of 11,830,500 common share purchase warrants originally issued as part of a private placement with the final tranche closing on January 17, 2020. The expiry date is to be extended as follows:

<u>Number of Warrants</u>	<u>Original Expiry Date</u>	<u>New Expiry Date</u>
4,400,500	August 29, 2020	February 29, 2021
2,780,000	September 18, 2020	March 18, 2021
3,025,000	September 23, 2020	March 23, 2021
1,000,000	October 3, 2020	April 3, 2021
625,000	October 17, 2020	April 17, 2021

All other terms of the warrants remain unchanged. The extension is subject to the approval of the Canadian Securities Exchange.

- Since December 31, 2019, 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-imposed quarantine periods 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 at this time, 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 and its operations in future periods.