St-Georges Eco-Mining Corp.

Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of St-Georges Eco-Mining Corp.,

Opinion
We have audited the consolidated financial statements of St-Georges Eco-Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

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

Material Uncertainty Related to Going Concern
We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
July 15, 2021

St-Georges Eco-Mining Corp.
Consolidated Statements of Financial Position

As at	Note	December 31, 2020	December 31, 2019 (Restated – Note 19)
Assets		**$**	$
Current assets			
Cash		**325,619**	377,449
Digital currency	**5**	**-**	2,985,307
Accounts receivable		**59,153**	171,763
Prepaid expenses		**527,754**	4,659
Marketable securities	**9**	**213,000**	275,000
Total current assets		**1,125,526**	3,814,178
Non-current assets			
Equity accounted investment	**9**	**-**	402,451
Marketable securities	**9**	**35,197**	79,334
Convertible debenture investment	**10**	**-**	2,213,564
Digital currency	**5**	**-**	3,899,458
Equipment		**11,193**	-
ROU Asset	**21**	**148,968**	-
Exploration and evaluation assets	**6**	**3,300,938**	2,341,747
Total assets		**4,621,822**	12,750,732
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities			
Accounts payable and accrued liabilities	**11**	**2,250,650**	1,154,521
Debt due on demand	**12**	**3,519,585**	-
Flow-through liability	**13**	**43,000**	-
Lease liability	**21**	**32,303**	-
Convertible debt at amortized cost	**12**	**147,592**	165,863
Convertible debentures at fair value	**12**	**149,385**	3,413,864
Total current liabilities		**6,142,515**	4,734,248
Long-Term Liabilities			
Lease liability	**21**	**122,913**	-
Derivative liability	**12**	**108,273**	190,793
Convertible debentures	**12**	**4,418,235**	3,875,587
Total liabilities		**10,791,936**	8,800,628
Shareholders' equity (deficiency)			
Common shares	**13**	**22,178,472**	20,171,267
Capital surplus	**13**	**1,693,482**	1,792,642
Reserves	**13,17**	**4,753,804**	3,202,078
Subscriptions receivable	**13**	**(575,000)**	(518,603)
Subscriptions received in advance	**13**	**-**	16,500
Deficit		**(28,030,430)**	(20,043,317)
Shareholders' equity		**20,328**	4,620,567
Non-controlling interest	**1**	**(6,190,442)**	(670,463)
Total shareholders' equity (deficiency)		**(6,170,114)**	3,950,104
Total liabilities and shareholders' equity		**4,621,822**	12,750,732

Subsequent events (Note 23)
Contingencies (Note 22)

signed "Herb Duerr"
Herb Duerr
President and Chief Executive Officer

signed "Richard Barnett"
Richard Barnett
Chief Financial Officer

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

St-Georges Eco-Mining Corp.
Consolidated Statements of Loss and Comprehensive Loss

	Note	Years ended December 31, 2020 $	2019 $ (Restated – Note 19)
Operating expenses			
Accretion and Interest expenses	12	**430,865**	776,510
Compensation expenses	12, 17	**-**	482,569
Consulting fees	17	**350,225**	514,822
Foreign exchange (gain)		**(34,225)**	(45,714)
Management fees	17	**814,875**	1,008,229
Office expenses		**539,390**	133,187
Professional fees		**166,367**	191,637
Publicity and promotions		**82,198**	248,082
Research and development fees	8, 17	**588,030**	770,711
Stock-based compensation	14	**1,187,352**	-
Transfer agent and listing fees		**97,792**	113,256
Travel		**21,054**	153,264
		(4,243,923)	(4,346,553)
Other items			
Loss on sale of marketable digital assets	5	**-**	(72,124)
Gain on payment with marketable digital assets	5	**332**	6,010
Gain on sale of marketable securities	9	**143,677**	-
Unrealized gain (loss) on marketable digital assets	5	**(6,881,396)**	392,865
Unrealized loss on marketable securities	9	**(138)**	(13,959)
Loss on change in fair value of convertible loan investment	10	**-**	(25,568)
Write down of BWA shares	9	**(402,451)**	-
Equity loss on investment	9	**-**	(56,992)
Loss on fair market value change in derivative liability	12	**(479,242)**	(304,343)
Gain on extinguishment of debt	12, 13	**26,303**	14,900
Impairment loss on property	6	**(398)**	-
Gain on disposal of properties	6	**-**	1,445,974
Gain on lithium recovery technology	6	**-**	118,293
Loss on debt settlement and other	13	**-**	(51,372)
Write-off on receivable loan	10	**(2,238,797)**	-
Allowance for doubtful account	13	**(20,000)**	-
Income (loss) and comprehensive loss for the year		**(14,096,033)**	(2,892,869)
Net income (loss) per share – basic and diluted		**$ (0.10)**	$ (0.02)
Weighted average number of common shares outstanding – basic and diluted		**147,044,881**	124,997,387
Net and comprehensive loss attributable to:			
Shareholders of the Company		**(7,987,113)**	(2,892,869)
Non-controlling interests		**(6,108,920)**	-
		(14,096,033)	(2,892,869)

St-Georges Eco-Mining Corp.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended December 31, 2020 and 2019

	Number of Common Shares	Common Shares	Capital surplus	Subscriptions Receivable	Subscriptions Received In Advance	Reserve	Deficit accumulated	Shareholders' Equity (Deficiency)	Non-Controlling Interests	Total Shareholders' Equity (Deficiency)
		$	$	$	$	$	$	$	$	$
Balance as at December 31, 2018	**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)	19,661,000	1,697,454	-	(55,000)	-	208,920	-	1,851,374	-	1,851,374
Convertible debentures converted	3,181,393	835,923	-	-	-	-	-	835,923	-	835,923
Shares issued for warrants exercised	889,862	66,740	-	(23,603)	-	-	-	43,137	-	43,137
Equity component of convertible debenture	-	-	16,803,264	-	-	-	-	16,803,264	-	16,803,264
Subscriptions received	-	-	-	220,000	-	-	-	220,000	-	220,000
Subscriptions received in advance	-	-	-	-	16,500	-	-	16,500	-	16,500
Capital contributions made by non-controlling interest	-	-	-	-	-	-	-	-	6,038,532	6,038,532
Allocation of equity to non-controlling interests	-	-	(9,214,833)	-	-	-	6,008,806	(3,206,027)	3,206,027	-
Net income for the year	-	-	-	-	-	-	(4,814,648)	(4,814,648)	-	(4,814,648)
Balance as at December 31, 2019 - before restatement	**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**
Effect of restatement (Note 19)	**-**	**-**	**(7,450,480)**	**-**	**-**	**-**	**1,921,779**	**(5,528,701)**	**(9,915,022)**	**(15,443,723)**
Allocation of non-controlling shareholders interest	**-**	**-**	**1,233,783**	**-**	**-**	**-**	**(1,233,783)**	**-**	**-**	**-**
Balance as at December 31, 2019 – after restatement	**138,408,961**	**20,171,267**	**1,792,642**	**(518,603)**	**16,500**	**3,202,078**	**(20,043,317)**	**4,620,567**	**(670,463)**	**3,950,104**
Shares issued for cash	21,900,000	2,002,750	-	(195,000)	-	144,250	-	1,957,000	-	1,957,000
Finders fees – Cash	-	(93,618)	-	-	-	-	-	(93,618)	-	(93,618)
Finders fees – Warrants	-	(63,326)	-	-	-	63,326	-	-	-	-
Finder fees – Amended Warrants	-	(20,489)	-	-	-	20,489	-	-	-	-
Shares issued for warrants exercised	165,000	40,918	-	-	(16,500)	(24,418)	-	-	-	-
Shares issued as acquisition payment	5,600,000	132,922	-	-	-	-	-	132,922	-	132,922
Warrants issued by ZeU for debt extinguishment	-	-	-	-	-	160,727	-	160,727	-	160,727
Shares issued for debt settlement	114,975	8,048	-	-	-	-	-	8,048	-	8,048
Subscriptions received	-	-	-	138,603	-	-	-	138,603	-	138,603
Equity component of convertible debenture	-	-	189,007	-	-	-	-	189,007	-	189,007
Stock-based compensation	-	-	-	-	-	1,187,352	-	1,187,352	-	1,187,352
Capital contributions made by non-controlling interest	-	-	-	-	-	-	-	-	300,774	300,774
Allocation of equity to non-controlling interests	-	-	(288,167)	-	-	-	6,108,920	5,820,753	(5,820,753)	-
Net loss for the year	-	-	-	-	-	-	(14,096,033)	(14,096,033)	-	(14,096,033)
Balance as at December 31, 2020	**166,188,936**	**22,178,472**	**1,693,482**	**(575,000)**	**-**	**4,753,804**	**(28,030,430)**	**20,328**	**(6,190,442)**	**(6,170,114)**

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

St-Georges Eco-Mining Corp.
Consolidated Statements of Cash Flows

For the years ended December 31,	2020 $	2019 $ (Restated – Note 19)
Operating activities		
Net loss and comprehensive loss for the year	**(14,096,033)**	(2,892,869)
Non-cash items		
Accretion and interest on convertible debenture	**430,865**	776,510
Compensation expense	**-**	482,569
Loss (gain) on sale and payment of marketable digital assets	**(332)**	66,114
Gain on sale of marketable securities	**(143,677)**	-
Unrealized loss (gain) on marketable of digital assets	**6,681,396**	(392,865)
Unrealized loss on marketable securities	**-**	13,959
Write down of BWA shares	**402,451**	-
Equity loss on investments	**-**	56,992
Loss (gain) on change in fair value of convertible loan	**-**	25,568
Loss on change in fair value of derivatives	**479,242**	304,343
Loss on debt settlement and other	**-**	51,372
Gain on disposal properties	**-**	(1,445,974)
Gain on extinguishment of debt	**26,303**	(14,900)
Gain on Lithium recovery technology	**-**	(118,293)
Stock-based compensation	**1,187,352**	-
Write off of loan receivable	**2,238,797**	-
	(2,793,636)	(3,087,474)
Net changes in working capital items		
Prepaid expenses	**(523,095)**	(2,746)
Accounts Receivable	**112,610**	10,943
Accounts payable and accrued liabilities	**1,034,612**	451,956
	624,127	460,153
Net cash used in operating activities	**(2,169,509)**	(2,627,321)
Investing activities		
Exploration and Evaluation recovery	**(261,187)**	(189,103)
Sale of digital assets	**-**	745,046
Sale of marketable securities	**432,942**	-
Purchase of equipment	**(11,193)**	-
Purchase of marketable securities	**(39,265)**	-
Net cash provided by investing activities	**121,297**	555,943
Financing activities		
Subscription received	**-**	236,500
Subscription received in advance	**90,000**	-
Shares issued for cash, net of issuance costs and warrants exercised	**1,906,382**	1,644,511
Net cash provided by financing activities	**1,996,382**	1,881,011
Change in cash	**(51,830)**	(190,367)
Cash, beginning of year	**377,449**	567,816
Cash, end of year	**325,619**	377,449

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

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 Technologies Inc. (formerly 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. At December 31, 2020 and 2019, 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 December 31, 2020, the Company has not yet achieved profitable operations, had an accumulated deficit of $28,030,430 (2019 - $20,043,317), had no operating income and had a working capital deficiency of $5,016,989 (2019 - $920,070). 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 statements. No adjustments for such circumstances have been made in the consolidated financial statements.

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.

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.

2. Basis of Presentation

a) Statement of Compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretation committee ("IFRIC").

The consolidated financial statements of the Company were authorized for issue by the Board of Directors on July 15, 2021.

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 or 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 Resources")	Iceland	100%
Melmi ehf Iceland ("Melmi")	Iceland	100%
ZeU Technologies Inc. (formerly ZeU Crypto Networks Inc.) ("ZeU")	Canada	34%
Borealis Commodities Exchange ehf ("Borealis")	Iceland	100%
St-Georges Metallurgy Corp. ("St-Georges Metallurgy")	Canada	100%

All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. ZeU is consolidated due to the fact that common directors of St-Georges control the operations of ZeU.

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.

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 loss and comprehensive loss.

3. Summary of Significant Accounting Policies

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 consolidated statements of loss and 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.

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.

3. Summary of Significant Accounting Policies (continued)

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 on the date acquired and are only re-measured at each reporting date if those assets are traded in an active market. Digital currencies that are not traded in an active market will be recorded at historical cost. Revaluation losses, as well as realised gains or losses on the sale of digital currencies are included in the consolidated statement of loss and comprehensive loss. Unrealized revaluation gains, for those digital currencies that are traded in an active market, above their initial fair, 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, certain convertible debentures and derivative liability are classified as FVTPL. Accounts receivable, accounts payable, debt due on demand, and certain convertible debentures are classified as amortized cost.

Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive 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 loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

3. Summary of Significant Accounting Policies (continued)

d) Financial Instruments (continued)

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 loss and 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. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

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 loss and comprehensive loss.

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, debt due on demand and certain convertible debentures. 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 and accrued liabilities, certain convertible debentures, and debt due on demand.

e) Intangible assets

Intangible assets consist of digital currencies. If the digital currencies are traded in an active market, 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. 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.

For digital currencies that are not traded in an active market, the Company initially records the digital currencies at their cost on the date of acquisition and these digital currencies are not subsequently measured at fair value. At each reporting date the Company will assess if the Digital currencies that are carried at cost are impaired and will record a loss if an impairment exists at the reporting date.

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

3. Summary of Significant Accounting Policies (continued)

g) Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company also provides consulting services to customize its products on a contract basis. Services are provided on both a time-and-materials basis and a fixed fee basis. Revenue with respect to time-and-materials contracts is recognized as services are provided. Revenue from services on fixed fee contracts is recognized under the terms of the contract based upon when the services have been provided and accepted by the customer. Revenue from the sale of goods is recognised when the goods have been delivered and title have been passed. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods.

h) 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 under IFRS 2. At inception the fair value of the debt component is estimated and recorded as a liability and the fair vale of the conversion feature is determined and either recorded as a liability or as equity and allocated to capital surplus. The carrying value of convertible debentures measured at amortized cost will be accreted to face value over the life of the debenture. The carrying value of convertible debentures measured at fair value is determined at each reporting date with changes in fair value recorded in profit or loss.

i) 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.

j) 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.

3. Summary of Significant Accounting Policies (continued)

j) Income Taxes (continued)

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.

k) 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.

l) 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 statements of loss and 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.

3. Summary of Significant Accounting Policies (continued)

l) Share-based Payments (continued)

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 loss and 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 loss and comprehensive loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

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.

m) 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.

n) 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 exploration 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 December 31, 2020, no rehabilitation provision has been recorded.

3. Summary of Significant Accounting Policies (continued)

o) 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.

p) Leases

Effective January 1, 2019 the Company adopted IFRS 16 – Leases. The standard introduces a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset and a lease liability. The adoption of IFRS 16 had no impact on the financial statements as the Company had no leases as at January 1, 2019. During the year ended December 31, 2020, the Company entered into a lease in Iceland (Note 21). The right of use asset and the lease obligations has been disclosed in the consolidated statements of financial position.

q) 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 accounted for the following entity using the equity method up until January 2020, after which time the Company lost significant influence. Effective January 2020, the Company accounts for the shares in BWA Group PLC at FVTPL.

	Ownership Interest	Jurisdiction
BWA Group PLC ("BWA")	19.4%	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.

4. Critical Accounting Judgments and Estimates (continued)

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:

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 resources 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.

4. Critical Accounting Judgments and Estimates (continued)

b) Estimates (continued)

ii) Digital assets – valuation

Judgement and estimation is involved with respect to the assessment of whether digital currencies, that are not traded in active markets, are impaired. Management uses all possible evidence in determining if the digital currencies are impaired. Judgement is also required in determining if a digital currency is traded in an active market.

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 are assessed for an impairment 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.

4. Critical Accounting Judgments and Estimates (continued)

b) Estimates (continued)

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.

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 December 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 (Note 12).

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.

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

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

5. Intangible assets (continued)

Kamari Coins

In November 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 determined to be $24,268,723 (Note 19). 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
Original impairment recorded	-	(1,921,778)
Restatement (Note 19)	-	(15,465,549)
Balance December 31, 2019	24,000,000	6,881,396
Impairment	-	(6,881,396)
Balance December 31, 2020	24,000,000	-

As at December 31, 2020, the Company held 24,000,000 (2019 - 24,000,000) Kamari coins. The 24,000,000 Kamari coins received in consideration for the convertible debenture with a face value of $7,834,000 are subject to the following voluntary transfer restrictions without the prior written consent of Kamari: (i) in any one-month period, the transfer, directly or indirectly, is limited to 1/30th of the total number of Kamari coins forming the consideration; and (ii) on any given day, any sale on an exchange is limited to 5% of the total volume of Kamari coins traded. As of December 31, 2020, 10,400,000 (2019 – 800,000) Kamari coins were available for disposal or transfer.

As at December 31, 2020, 20,000,000 Kamari coins (2019 - 10,400,000 Kamari coins), will be available for disposal or transfer within the next twelve months. The Kamari coins are currently not trading on any exchange and accordingly there is no objective evidence to determine the fair value of the Kamari Coins as at December 31, 2020. Accordingly the Company has impaired the value of the Kamari coins to $nil as at December 31, 2020 and recorded an impairment of $6,881,396 in the statement of loss and comprehensive loss.

Subsequent to the year end, in March 2021, the Company repaid $500,000 of the Kamari Convertible debenture plus $661,834 of accrued convertible debenture interest by transferring 3,366,564 Kamari coins to the debenture holder. Accordingly in March 2021, the Company will record a reversal of the impairment recorded related to the Kamari Coins as the Company has a contractual right to repay the debenture and accrued interest using Kamari Coins, based on the mark to market value of the Coins, which was agreed with the debenture holder at that date.

6. Exploration and Evaluation Assets

	Isoukustouc & Julie Projects	Villebon Property	Le Royal Lithium Property	Manicouagan	Kings of the North	Iceland Property	Total
	$	$	$	$	$	$	$
December 31, 2018	**635,429**	**1**	**284,271**	**-**	**180,947**	**2,004,597**	**3,105,245**
Exploration costs	136,224	-	-	-	-	52,879	189,103
Disposal of property	(771,653)	(1)	-	-	(180,947)	-	(952,601)
December 31, 2019	**-**	**-**	**284,271**	**-**	**-**	**2,057,476**	**2,341,747**
Acquisition costs	-	-	-	227,922	-	519,573	747,495
Tax Credit	-	-	(50,449)	-	-	-	(50,449)
Exploration costs	-	-	1,030	75,544	-	185,571	262,145
December 31, 2020	**-**	**-**	**234,852**	**303,466**	**-**	**2,762,620**	**3,300,938**

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

6. Exploration and Evaluation Assets (continued)

Villebon Property

The Villebon Property is located within the Abitibi Greenstone Belt of northwestern Quebec. The property is comprised of 27 mining claims which includes the Céré-Villebon showing.

In a prior year, the Company concluded there were indications that certain of the remaining claims comprising the asset were impaired and as a result, the Company recorded an impairment charge to write the property down to a nominal value.

Isoukustouc Projects

During the year ended December 31, 2019, the Company disposed of the Isoukustouc Projects when the Company sold Kings of the North Corp. and the Company disposed of property with a cost of $771,653. The claims are in the process of being transferred to KOTN.

Julie Projects

The Julie Project is located near seaport city of Baie-Comeau on the Quebec North shore. It is contained on NTS sheets 22F13 and 22F14.

Le Royal Property

The project, comprised of 5 mining claims for an area of 286.02 hectares, is located in the lithium mining camp of LaCorne, in the Abittibi region of Quebec. The acquisition was done jointly with Lepidico Ltd. (ASX: LPD) (formerly known as Platypus Minerals Ltd.) ("Lepidco"). St-Georges currently owns 90% of the project and Lepidico owns 10%.

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

<u>Acquisition:</u>	
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).
<u>Exploration work:</u>	
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 to November 2021.
<u>Milestone payments:</u>	
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.
<u>Finder's fee:</u>	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.

6. Exploration and Evaluation Assets (continued)

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 comprised of 77 mining claims and 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).

On February 6, 2020, pursuant to the agreement, the Company issued 5 million shares (Note 13) at $0.07 per share. The 2,000,000 shares issued to Exploration JF Inc. are subject to a 2 years escrow period with timed release. All 3,000,000 shares issued to Frank Dumas are subject to escrow for 60 months from issuance; $50,000 will be paid in two installments to Exploration JF 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 August 13, 2020, the Company entered into agreement to acquire two mining claims from two arms-length vendors, which are strategically located within the boundaries of the Manicouagan project of the Company.

The terms of the acquisition are:

(1) Issue 600,000 common shares of the Company and a payment of $10,000 within 30 days of the approval of the transaction;(completed) (Note 13)

(2) A payment of $10,000 at the 6-month anniversary of the first payment; (invested into units of the Company at a price of $0.10 per unit in a private placement which closed on November 25, 2020) (Note 13) and

(3) A payment of an additional of $25,000 that has to be subscribed in the next financing of the Company, and allow an estimated 250,000 shares and 250,000 warrants at the price established by the Company in its offering; (invested into units of the Company at a price of $0.10 per unit in a private placement which closed on November 25, 2020) (Note 13) and

(4) The agreement also calls for the signing of an NSR agreement within 30 days following the acquisition. The NSR covering these claims will be set at 1.5%, of which 1% can be bought back for $2,225,000 at any time at the Company's discretion. The NSR agreement will have to include an option in favor of the buyer to buy-back 0.5% of this royalty for $750,000 and a subsequent 0.5% of the remaining NSR royalty for $1,500,000.

The two mineral claims will be transferred from the vendors to the Company within 10 days of completion of (1), (2) and (3).

The fair value of the 5,600,000 shares issued was $132,922, which was based on the fair value of the shares on the date of issuance less a discount for the escrow period. In addition, the Company has issued 350,000 shares with a fair value of $35,000 on November 25, 2020 and has paid cash consideration of $60,000.

In April 2021, the Company added 37 new mining claims through electric map staking to the existing 79 mining claims.

Iceland Resources EHF

The Iceland Properties are located in Iceland.

6. Exploration and Evaluation Assets (continued)

On November 16, 2016, the Company entered into a Binding Term Sheet with Iceland Resources EHF, 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).

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;
- 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.

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 Langjokull 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)
- 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).

The following projects are being identified as priorities:

- The Thormodsdalur (Thor) Gold Mine is located near the city of Reykjavik and south-east of the lake Hafravatn.

6. Exploration and Evaluation Assets (continued)

- The Tröllaskagi (Troll) Gold Project covers an area of 1,018 km2 in northern Iceland near the town of Akureyri.

- The Vopnafjorður (Vopna) Gold Project covers 598.5 km2 located to the northeastern corner of Iceland.

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. And 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:

- Pay $65,000 upon the execution of the definitive share purchase agreement ("Definitive Agreement") (paid);
- 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 (accrued);
- 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 (Note 12);
- 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 fair value of the cash and the convertible debentures was determined to be $519,573 and was based on a discount rate of 19% and a Black Scholes Pricing Model for the conversion feature.

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.

<u>Sale of Kings of the North Corp.</u>

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.

In December 2020, the Company terminated the letter agreement with BWA to reacquire 100% of KOTN. The Company has commenced the process of consulting with its legal advisors to seek full reimbursement and compensation of its expenses related to the agreement, and outstanding debts of BWA and KOTN, as well as, to review potential actions on behalf of its shareholders, and as a shareholder and debtholder of BWA (Note 10).

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").

6. Exploration and Evaluation Assets (continued)

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) (Note 9);

  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, 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.

Lithium Processing Technology

On December 1, 2020, the Company signed a Binding Letter of Intent with Altair International Corp. ("Altair") (US-OTC: ATAO) pursuant to which the Company has agreed to provide access to its patent pending lithium processing technology for lithium-in-clay mineral deposits, and also agreed to jointly develop a patentable electric vehicle battery recycling industrial process.

In return for the access to the lithium processing technology and as part of their contribution in the development of patentable intellectual property related to EV Battery Recycling, Altair will issue a total of 6,000,000 common shares in 3 tranches as milestones mutually agreed upon are met. Altair will also make a total of US$300,000 cash payment to the Company. Both companies will contribute equally to the battery recycling research & development effort and to the design and construction of a battery recycling industrial pilot-plant circuit in the Company contracted installations in Quebec.

St-Georges Metallurgy Corp.

On February 27, 2020, the Company incorporated a new subsidiary, St-Georges Metallurgy Corp. ("St-Georges Metallurgy)". This entity is owned 100% by the Company.

6. Exploration and Evaluation Assets (continued)

On July 9, 2020, St-Georges Metallurgy entered a pilot-plant service agreement with Carrefour innovation sur les matériaux de la MRC des Sources ("CIMMS"), a Quebec based, publicly funded laboratory. The agreement allows St-Georges Metallurgy access to a lithium metallurgical processing pilot plant and start operations of the pilot plant as soon as current test work is completed.

The agreement has an 18-month duration and can be extended. Initial payment of $30,000 was paid upon signing the agreement. St-Georges Metallurgy commits to spend a minimum $120,000 within 18 months. All tests must have been carried out within 18 months after commencement of work.

7. Blockchain and commitments

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.

On September 28, 2020, ZeU entered into an arm's length binding letter of intent with Prego and its majority shareholder to acquire 100% of issued and outstanding securities of Prego, though a wholly owned subsidiary ZeUPay Inc. ("ZeUPay") for consideration of $8,125,000. (Note 23).

The transaction completion is conditional on several provisions, including completion of a definitive agreement, final due diligence, Prego minority shareholders' approval and other regulatory review. A finder's fee in connection to the transaction may be paid.

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 (Note 12) 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 Canadian Securities Exchange, subject to a minimum of $1.85. ZeU agreed to retain the services of the 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 a 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 December 31, 2020, $220,000 (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.

7. Blockchain and commitments (continued)

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%, St-Georges 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 December 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 the 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.

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 December 31, 2020, ZeU has expensed $280,000 (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 December 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 December 31, 2020, the JV Co. remains inactive and did not incur any expenses or make any payments.

7. Blockchain and commitments (continued)

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.

On August 13, 2020, ZeU initiated the process to obtain a license to operate a financial institution in Malta. ZeU will integrate remittance and micro-lending, as well as creation of Mula and ZeU-branded debit and credit cards to integrate with ZeU Crypto wallets and Mulamail accounts using ZeU's stable staking tokens.

ZeU developed a platform for Borealis Derivatives DEX ehf ("Borealis"), which is a decentralized, distributed, digital derivative marketplace. The core coding of the platform is complete and configuration and deployment will occur after Borealis acquires a government license for its decentralised exchange.

8. Research and development expenses

During the year ended December 31, 2020, ZeU incurred expenditures of $588,030 (2019 - $770,711) related to the development of the technology. Since the technological commercial stage has not been yet reached, all these expenditures were expensed in the consolidated statement of loss and comprehensive loss.

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 fair value as of December 31, 2020 and 2019:

	December 31, 2020		December 31, 2019	
	Number of Shares	Fair value $	Number of Shares	Fair value $
Iconic Minerals Ltd. ("Iconic") (1)	2,000,000	35,197	2,000,000	79,334
ThreeD Capital Inc. (2)	300,000	213,000	5,000,000	275,000
BWA Group PLC	60,000	-	-	-
		248,197		354,334

(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). As at December 31, 2020, the fair value of $35,197 of this marketable security was presented as a long-term asset in the consolidated statements of financial position.

(2) On December 23, 2019, the Company received 5,000,000 common shares of ThreeD Capital Inc. ("ThreeD") at a price of $0.05 per common share and a cash payment of $50,000 from ThreeD 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)

On April 27, 2020, ThreeD consolidated its outstanding common shares on a basis of one new common share for every four existing common shares. After the consolidation, the Company has 1,250,000 shares of ThreeD.

On November 25, 2020, the Company received 300,000 common shares of ThreeD at a price of $0.48 per common share and a cash payment of $6,000 from ThreeD for the acquisition of 1,500,000 units of the Company at a price of $0.10 per unit, a private placement closed on November 25, 2020. (Note 13)

During the year ended December 31, 2020, the Company purchased 120,000 shares of ThreeD on the market for $39,265, and the Company sold 1,370,000 shares of ThreeD for proceeds totaling $432,942 (cost of $289,265).

9. Marketable Securities and Equity Investments (continued)

During the year ended December 31, 2020, the Company recorded an unrealized loss of $138 (2019 - $13,959) 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, the equity method accounting was applied from October 31, 2019 forward. As at December 31, 2019, the carrying value of the Company's equity accounted investment in BWA was $402,451.

As of December 31, 2020, the Company remains a significant shareholder of BWA, but no longer has the ability to appoint an officer or a director of BWA. As such, the Company no longer has significant influence over BWA, and accordingly the investment is recorded at fair value. As at December 31, 2020, the last significant trading price of the BWA shares was £0.002 and the shares are thinly traded. Management estimated it would take several years to dispose of the BWA shares based on the current trading volume and accordingly impaired the investment to $Nil.

On December 31, 2020, the Company recorded an impairment loss of $402,451 related to the BWA shares. During 2019, the Company recognized its share of BWA's net loss of $56,992 in the consolidated statement of loss and comprehensive loss.

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. 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.

During the year ended December 31, 2020, the principal amount of £2,151,409 (2019 - £2,151,409) with a fair value of $2,238,797 of the convertible loan receivable from BWA has been written off. The Company recognized a loss on the change in fair value of the convertible loan of $nil (2019 – $25,568).

11. Accounts payable and accrued liabilities

	December 31, 2020	December 31, 2019
	$	$
Accounts payable (Note 17)	**2,095,650**	1,013,074
Accrued liabilities (Note 17)	**155,000**	141,447
	2,250,650	1,154,521

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

12. Convertible Debentures

The convertible debentures as at December 31, 2020 and 2019 are as follow:

	Convertible Debenture at Fair Value	Convertible Debenture at Amortized Cost	Debt due on Demand at Amortized Cost	Derivative Liability	Total
	$	$	$	$	$
Balance at December 31, 2019	3,714,575	3,740,739	-	190,793	7,646,107
Convertible debenture issued	288,079	-	-	(3,801)	284,278
Convertible debenture matured	-	(3,383,742)	3,383,742	-	-
Accretion expense and interest	34,419	261,246	135,843	-	431,508
Extinguishment of debt	-	(427,695)	-	(78,719)	(506,414)
Fair value of convertible debentures issued	371,354	-	-	-	371,354
Conversion to equity	(276,009)	(42,956)	-	-	(318,965)
Fair value adjustment	435,202	-	-	-	435,202
Balance at December 31, 2020	**4,567,620**	**147,592**	**3,519,585**	**108,273**	**8,343,070**
Current-term	**(149,385)**	**(147,592)**	**(3,519,585)**	**-**	**(3,816,562)**
Long-term	**4,418,235**	**-**	**-**	**108,273**	**4,526,508**

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.

As at December 31, 2020, the carrying value of the convertible debentures issued in 2018 including accrued interest was $213,195 (2019 - $191,220) and the accretion and interest expense recognized during the year ended December 31, 2020 was $21,975 (2019 - $28,724).

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 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.

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 capital 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, 2020 of $nil (2019 - $482,569) was recorded in the statement of loss.

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

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 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).

The carrying value of the convertible debentures, including accrued interest, as at December 31, 2019 was $3,579,727. The Company recognized $20,635 as loss on fair market value change in the derivative liability for the year ended December 31, 2019.

On July 5, 2020, the convertible debentures, with a face value of $3,157,524, which were issued in 2018, matured. A portion of these convertible debentures, with a face value of $2,801,274, were not renewed and are now due on demand and are presented as debt due on demand. The carrying value, including principal and interest of the debt due of demand as at December 31, 2020 totaled $3,519,585.

On July 7, 2020, ZeU entered into amending agreements with debenture holders to amend the terms of the remaining 2018 convertible debentures with a face value of $356,250. The principal balance plus accrued interest totalling $427,695 was converted into the 2020 convertible debentures on the terms described below.

b) Convertible Debentures issued in 2019

On February 4, 2019, under the agreement with VN3T, ZeU issued a debenture in the amount of $150,000 to VN3T (Note 7) 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.

12. Convertible Debentures (continued)

b) Convertible Debentures issued in 2019 (continued)

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 capital surplus. As at December 31, 2019, the carrying value of the convertible debentures, including accrued interest was $124,699.

As at December 31, 2020, the carrying value of the convertible debentures of ZeU issued to VN3T including accrued interest was $147,592 and the interest expense recognized during the year ended December 31, 2020 was $22,931 (2019 - $17,561).

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 capital surplus. The carrying value of the convertible debentures, including accrued interest as at December 31, 2019 was $41,164.

On February 11, 2020, the $50,000 convertible debenture was converted into 50,000 common shares of ZeU at a price of $1.00 per share. Accretion and interest expense recognized during he year ended December 31, 2020 was $807 (2019- $5,452).

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") from Kamari Limited (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 $6,881,396 and the fair value of the conversion feature was determined to be $nil. Accordingly, the fair value of the Kamari convertible debentures at the date of issuance was $6,881,396 and was determined based on an interest rate of 17%. The Kamari Convertible debenture will be carried at fair value with changes in fair value recorded in the statement of loss and comprehensive loss.

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

The carrying value of the Kamari convertible debentures, including accrued interest as at December 31, 2020 was $3,904,516 (2019 - $3,523,354). The change in fair value for the year ended December 31, 2020 being a loss of $381,162 was recorded in the statement of loss and comprehensive loss (2019 – loss of $158,114).

c) Convertible Debentures issued in 2020

On July 7, 2020, ZeU entered into amending agreements with certain of the 2018 debenture holders to amend the terms convertible debentures with a face value plus accrue interest of $427,695 which matured on July 5, 2020.

12. Convertible Debentures (continued)

c) Convertible Debentures issued in 2020 (continued)

Under the terms of the amended debentures ("Amended Debentures"), the maturity date has been extended two years from July 5, 2020 to July 5, 2022, and in exchange:

1) The floor conversion price of the principal amount of the Amended Debentures has been reduced from $1.00 to $0.25 per share;
2) The interest has been raised from 10% to 12%;
3) The Amended debentures now rank in priority of all unsecured debts; and
4) ZeU issued 1,718,972 warrants with a term of 2 years and an exercise price of $0.30 per common share purchase for every tranche of $0.25 of original debenture principal plus accrued interest. The proceeds of the warrants will be used to buy back the debentures if it has not been repaid or converted at the time of the warrants exercise.

The fair value of the new convertible debenture at inception was determined to be $371,354 and the fair value of the warrants issued for this modification was $160,724. The fair value of the convertible debenture was determined using at market interest rate of 17% and the fair value of the warrants issued was estimated using Black-Scholes Option Pricing Model (Stock price $0.18, exercise price of $0.3, volatility 200%, risk free interest rate of 2.40%, discount for lack of market ability of 35% and 0% dividend yield).

On July 28, 2020, ZeU converted $36,016 of the principal amount together with accrued interest on the outstanding 12% debentures into 145,106 common shares of ZeU at a price of $0.25 per share. These shares were issued after the year end. On December 22, 2020, ZeU converted $240,040 of the principal amount together with accrued interest on the outstanding 12% debentures into 1,030,200 common shares of ZeU at a price of $0.25 per share.

As at December 31, 2020, the fair values of the 2020 convertible debentures were $149,385.

On October 23, 2020, pursuant to the acquisition of Melmi agreement, the Company issued the following convertible debentures:

- $100,000 of non-transferable debentures bearing 6% annual interest, maturing 3 years from issuance date, convertible into common shares if the Company at a deemed price of $0.10 per shares; and
- $150,000 of non-transferable debentures bearing 6% annual interest, maturing 3 years from issuance date, convertible into common shares if the Company at a deemed price of $0.15 per shares; and
- $150,000 of non-transferable debentures bearing 6% annual interest, maturing 3 years from issuance date, convertible into common shares if the Company at a deemed price of $0.20 per shares; and

The fair value of the liability component at inception was determined to be $229,151 based on an interest rate of 25%, and the residual value of $170,849 was recorded in equity component of debenture. As at December 31, 2020, the carrying value of the convertible debentures of the Company issued in 2020 including accrued interest was $300,524, and the accretion and interest expenses recognized during the year ended December 31, 2020 was $71,373.

During the year ended December 31, 2020, the Company recognized accretion and interest expenses of $430,865 (2019 - $776,510) on all the convertible debentures, and loss on fair market value change in derivative liability of $479,242 (2019 - $304,343).

The fair value of the derivative liabilities as at December 31, 2020 is $108,273 (219 - $190,793).

13. Share Capital

a) Common Shares

The Company is authorized to issue an unlimited number of common shares with no par value.

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 $33,233.

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 November 29, 2021. 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 November 29, 2021. 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 December 18, 2021. 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 December 18, 2021. 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 $29,426 at an exercise price of $0.20 per share until December 18, 2021. 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 2 years; expected volatility of 196%; risk free interest rate of 1.74%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

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 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 1,650,000 cash 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.

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 (Note 6).

On February 11, 2020, the Company issued 114,975 common shares, with a fair value of $8,048, to settle $14,372 of accounts payable.

On November 9, 2020, pursuant to the acquisition of two mineral claims adjacent to the Manicouagan Palladium Project, the Company issued 600,000 shares at a fair value of $45,000 to the vendor.

On November 19, 2020, the Company closed the first tranche of 11,500,000 flow-through shares at $0.10 per flow-through share, and 200,000 units at a price of $0.10 per unit of its non-brokered private placement for aggregate gross proceeds of $1,170,000. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant, entitling the holder to purchase one share at an exercise price of $0.185 until November 19, 2022. There was a flow through premium in the issuance of the flow through shares.

The Company paid finders fee of $69,000 in cash and issued 690,000 warrants with a fair of $63,326 at an exercise price of $0.20 per share until November 19, 2022. The fair value of the finder's warrants was estimated based on the following assumptions: share price at grant date of $0.13; exercise price of $0.20; expected life of 2 years; expected volatility of 166%; risk free interest rate of 0.26%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

On November 25, 2020, the Company closed the second and final tranche of 2,150,000 flow-through shares at $0.10 per flow-through share, and 6,400,000 units at a price of $0.10 per unit of its non-brokered private placement, for aggregate gross proceeds of $855,000. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant, entitling the holder to purchase one share at an exercise price of $0.185 until November 24, 2022. The Company paid a finder fee of $4,000 in cash. A flow through liability was recognized on the issuance.

During the year ended December 31, 2020, the Company received $28,603 of subscriptions receivable from prior year private placement and warrants exercised, and $90,000 from current year private placements. The Company recorded a write-off of $20,000 subscription receivable. The balance of subscription receivable as at December 31, 2020 is $575,000 (2019 - $518,603).

13. Share Capital (continued)

a) Common Shares (continued)

2020 (continued)

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

b) Preferred shares

The Company is authorized to issue an unlimited number of preferred shares without nominal or par value. 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).

d) Warrants

The following is a summary of changes in warrants from January 1, 2019 to December 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	**8,940,000**	**0.19**
Exercised	**(165,000)**	**0.10**
Balance as at December 31, 2020	**25,770,300**	**0.19**

On December 8, 2020, the Company extended the expiry date of the following previously issued warrants:

Number of Warrants	Original Expiry Date	New Expiry Date
4,400,500	August 29, 2020	November 29, 2021
2,780,000	September 18, 2020	December 18, 2021
324,800	September 18, 2020	December 18, 2021
3,025,000	September 23, 2020	December 23, 2021
1,000,000	October 3, 2020	January 3, 2022
650,000	October 17, 2020	January 17, 2022

All other terms of the warrants remain unchanged.

As at December 31, 2020, the warrants have a remaining average life of 1 year.

e) Capital surplus

Capital surplus includes the equity component of the convertible debentures issued for goods and services (Note 12) attributable to the Company. As at December 31, 2020, the carrying value was $1,693,482 (2019 - $1,792,642).

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.

On December 8, 2020, the Company issued 7,150,000 stock options, vesting immediately, with an exercise price of $0.20. The Company estimated a grant date fair value of these options of $660,020. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of $0.095; exercise price of $0.20; expected life of 5 years; expected volatility of 208%; risk free interest rate of 0.47%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock based compensation of $660,020 (2019 - $nil) was incurred during the year ended December 31, 2020 related to the vesting of options granted in the year.

Shock based compensation related to options issued by ZeU during the year ended December 31, 2020 was $527,332 (2019 - $nil).

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

Grant Date	Expiry Date	Exercise Price	Closing balance December 31, 2019	Issued	Cancelled/ Exercised/ Expired	Closing balance December 31, 2020	Vested
July 19, 2016	July 19, 2021	$ 0.075	2,400,000	-	(250,000)	2,150,000	2,150,000
June 1, 2017	June 1, 2022	$ 0.075	625,000	-	(75,000)	550,000	550,000
April 19, 2018	April 19, 2023	$ 0.80	5,000,000	-	(750,000)	4,250,000	4,250,000
April 19, 2018	April 19, 2023	$ 0.70	250,000	-	-	250,000	250,000
December 8, 2020	December 7, 2025	$ 0.20	-	7,150,000	-	7,150,000	7,150,000
			8,275,000	7,150,000	(1,075,000)	14,350,000	14,350,000

14. Share-based Payments (continued)

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	5,000,000	-	-	5,000,000	5,000,000
April 19, 2018	April 19, 2023	$ 0.70	250,000	-	-	250,000	250,000
			9,325,000	-	(1,050,000)	8,275,000	8,275,000

As at December 31, 2020, the stock options have a weighted average exercise price of $0.36 (2019- $0.53) and weighted average remaining life of 3.32 years (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.

As at December 31, 2020, the Company has current liabilities of $6,142,515 (2019 - $4,734,248) due within 12 months and has cash of $325,619 (2019 - $377,449) to meet its current obligations. Liquidity risk is assessed as high.

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.

15. Financial Risk Management and Financial Instruments (continued)

Financial Risk (continued)

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 has operations in Iceland and the exchange risk is not considered significant considering the level of assets and liabilities.

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 receivable, and accounts payables 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%

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%. At December 31, 2020, the Company determined that based on the financial condition of BWA, the convertible debenture investment was impaired.

15. Financial Risk Management and Financial Instruments (continued)

Financial Risk (continued)

The fair value of the marketable securities was originally 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 December 31, 2020, the Company's shareholders' deficiency was $6,170,114 (2019 - $3,950,104 equity). 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 year ended December 31, 2020. The Company is not currently exposed to any externally imposed capital requirements.

17. Related Party Transactions

a) Related party transactions

During the year, 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 year ended December 31, 2020, the Company incurred management and administration fees, including bonuses, of $847,829 (2019 - $1,008,229), consulting fees of $321,478 (2019 - $409,240) which were expensed as research and development costs, and other consulting fees of $141,243 (2019 - $42,879).

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). 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.

The Company acquired the Manicouagan property from Exploration JF Inc. and Frank Dumas, a director of the Company by issuing 5,000,000 shares (Note 6).

17. Related Party Transactions (continued)

b) Due to Related Parties

As at December 31, 2020, included in accounts payable and accrued liabilities is $1,180,274 (2019 - $448,334) owing to directors. These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

c) Stock Options Granted

During the year ended December 31, 2020, a total of 5,200,000 stock options were granted to the key management to purchase common shares of the Company at an exercise price of $0.20 per share on or before December 7, 2025. The Company recorded stock-based compensation of $480,015 for options granted to related parties during the year ended December 31, 2020.

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:

December 31, 2020	Exploration of mining properties	Blockchain technology development	Total
	$	$	**$**
Assets	4,604,878	16,944	**4,621,822**
Liabilities	1,355,261	9,436,675	**10,791,936**
Operating expenses	(1,850,808)	(2,393,115)	**(4,243,923)**

December 31, 2019	Exploration of mining properties	Blockchain technology development	Total
	$	$	**$**
Assets	5,799,085	6,951,647	**12,750,732**
Liabilities	804,645	7,995,983	**8,800,628**
Operating expenses	(1,172,876)	(3,173,677)	**(4,346,553)**

19. Restatement

The financial statements for the year ended December 31, 2019 have been restated.

In November 2019, ZeU received 24,000,000 Kamari coins (the "Coins") as consideration for the issuance of a convertible debenture with a face value of $7,834,000. The transaction was accounted for in accordance with IFRS 2 "Share-based payment" and the convertible debenture was originally measured based on the fair value of the Coins received, as ZeU concluded at that time, that the fair value of the Coins could be estimated reliably based on the volume and price of recent transactions of the Coins. The fair value of the Coins was originally estimated to be $24,268,723. The fair value of the liability component at inception was determined to be $6,925,051 and the residual of $17,400,822 was recorded as contributed surplus.

19. Restatement (continued)

Subsequent to the issuance of the December 31, 2019 financial statements, it was determined that the information available to ZeU to estimate the fair value of the Coins was no longer sufficiently reliable to determine fair value based on the criteria in IFRS 13 “Fair value measurement”. In particular, the price information previously used may not continue to be representative of the future value ZeU would receive if it were to sell its holding of the Coins in its principal market. In addition, the Coins were subject to a contractual release over a period of 30 months and there was a lack of observable data to determine the value to be assigned to the trading restriction. Consequently, ZeU has revised its accounting for the acquisition of the Coins and instead measured the transaction based on the fair value of the convertible debenture issued, rather than the estimated fair value of the Coins received.

The Coins were originally accounted for as intangible assets and ZeU chose the revaluation model for its accounting policy. However, ZeU has now retrospectively determined that the Coins should not have been assessed as trading in an active market. IAS 38” Intangible assets” only permits the use of the revaluation model if the intangible assets are traded in an active market. Consequently, ZeU has changed its accounting policy retrospectively and will measure the Coins using the cost model.

The effect of the restatement is as follows:

19. Restatement (continued)

St-Georges Eco-Mining Corp.
Statement of financial Position

As at	As previously presented - December 31, 2019	Adjustments	As Restated - December 31, 2019
Assets	$		$
Current assets			
Cash	377,449		**377,449**
Digital currency	9,690,414	(6,705,107)	**2,985,307**
Sale tax receivable	171,763		**171,763**
Prepaid expenses	4,659		**4,659**
Marketable securities	275,000		**275,000**
Total current assets	10,519,286	(6,705,107)	**3,814,178**
Non-current assets			
Equity accounted investment	402,451		**402,451**
Marketable securities	79,334		**79,334**
Convertible debenture investment	2,213,564		**2,213,564**
Digital currency	12,659,900	(8,760,442)	**3,899,458**
Exploration and evaluation assets	2,341,747		**2,341,747**
Total assets	28,216,281	(15,465,549)	**12,750,732**
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities			
Accounts payable and accrued liabilities	1,154,521	-	**1,154,521**
Derivative liability	190,793		**190,793**
Convertible debt at amortized cost	-	165,863	**165,863**
Convertible debentures at fair value	3,579,727	(165,863)	**3,413,864**
Total current liabilities	4,925,041	-	**4,925,041**
Long-Term Liabilities			
Convertible debentures	3,897,413	(21,826)	**3,875,587**
Total liabilities	8,822,454	(21,826)	**8,800,628**
Shareholders' equity (deficiency)			
Common shares	20,171,267		**20,171,267**
Capital surplus	8,009,339	(6,216,697)	**1,792,642**
Reserves	3,202,078		**3,202,078**
Subscriptions receivable	(518,603)		**(518,603)**
Subscriptions received in advance	16,500		**16,500**
Deficit	(20,731,313)	687,996	**(20,043,317)**
Shareholders' equity (deficiency)	10,149,268	(5,528,701)	**4,620,567**
Non-controlling interest	9,244,559	(9,915,022)	**(670,463)**
Total shareholders' equity (deficiency)	19,393,827	(15,443,723)	3,950,104
Total liabilities and shareholders' equity	28,216,281	(15,465,549)	12,750,732

19. Restatement (continued)

St-Georges Eco-Mining Corp.

Statement of Loss and Comprehensive Loss

	As previously presented - December 31, 2019	Adjustments	**As Restated - December 31, 2019**
	$	$	**$**
Operating expenses			
Accretion and interest expenses	934,625	(158,115)	**776,510**
Other operating expenses	3,570,043		**3,570,043**
Total operating expenses	4,504,668	(158,115)	**4,346,553**
Other Income(expenses)			
Loss on sale of marketable digital assets	(66,114)		**(66,114)**
Impairment of digital assets	(1,528,913)	1,921,778	**392,865**
Unrealized loss on marketable securities	(13,959)		**(13,959)**
Loss on change in fair value of convertible loan investment	(25,568)		**(25,568)**
Equity loss on investment	(56,992)		**(56,992)**
Loss on fair market value change in derivative liability	(146,229)	(158,114)	**(304,343)**
Gain on extinguishment of debt	14,900		**14,900**
Gain on disposal of properties	1,445,974		**1,445,974**
Gain on lithium recovery technology	118,293		**118,293**
Loss on debt settlement and other	(51,372)		**(51,372)**
Loss and comprehensive loss for the year	(4,814,648)	1,921,779	**(2,892,869)**

20. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2020	2019
	$	$
Net loss before income taxes	**(14,096,033)**	(2,892,869)
Statutory rate	**27.0%**	27.0%
Income taxes at statutory rates	**(3,805,929)**	(781,075)
Non-deductible expenses and prior year reconciliation items	**521,059**	547,223
Changes in temporary differences for which no deferred tax assets are recognized	**3,284,870**	233,852
Income tax recovery	**-**	-

20. Income Taxes (continued)

The Company has the following deferred tax assets and liability for which no deferred tax asset has been recognized:

	2020	2019
	$	$
Non-capital losses	**2,934,442**	1,867,438
Resource tax pools	**773,433**	773,433
Share issuance costs	**32,504**	18,080
Digital assets	**3,081,675**	1,223,698
Marketable securities	**112,431**	12,694
Convertible debentures	**465,838**	220,109
	7,400,322	4,115,452

The tax pools relating to these deductible temporary differences expire as follows:

	Non-capital losses	**Resource tax pools**
	$	$
2027	78,000	-
2028	161,000	-
2029	470,000	-
2030	946,000	-
2031	795,000	-
2032	351,000	-
2033	441,000	-
2034	418,000	-
2035	131,000	-
2036	166,000	-
2037	956,000	-
2038	1,775,000	
2039	1,631,332	-
2040	2,516,126	
No expiry	-	3,148,836
	10,835,458	**3,148,836**

21. Right-of-use asset and lease liability

The Company entered into in a lease agreement on December 1, 2020 for the office premises of its subsidiary Iceland in Reykjavík, Iceland. The lease agreement is on November 30, 2023.

The discount rate used for the lease was 10%. Set out below are the carrying amounts of right of use assets and lease liabilities recognized and the movements during the period:

	Right-of-use asset	**Lease liability**
	$	**$**
As at December 31, 2019	149,598	149,598
Depreciation	(4,211)	-
Interest	-	1,262
Foreign exchange adjustment	3,581	4,359
Payments	-	-
As at December 31, 2020	148,968	155,216
Less: long-term portion		122,913
Current portion		32,303

22. Contingencies

In January 2020, the Company received a demand letter from BWA claiming there were material misrepresentations in the share purchase agreement and that BWA was claiming damages of $4,200,000. In February 2020, the Company issued a cease and desist letter to BWA and claimed certain costs from BWA related to the share purchase agreement. To date, none of these claims have been taken to court. The Company intends to vigorously defend itself from the claims made by BWA. As at December 31, 2020, no amounts have been accrued in the consolidated financial statements related to the claim of $4,200,000 made by BWA against the Company. As the legal matter has not been taken to court and is still in the early stages, the outcome of the matter cannot be determined at this point in time.

23. Subsequent Events

- On January 14, 2021, 6,300,000 warrants expired unexercised.

- On January 20, 2021, EVSX Corp. ("EVSX") was incorporated as a wholly-owned subsidiary of the Company.

- On January 21, 2021, the Company granted a total of 500,000 stock options to a manager at an execution price of $0.20 until January 22, 2026, and granted a total of 300,000 stock options to certain consultants at an execution price of $0.20 until January 22, 2024.

- On February 5, 2021, the Company closed a non-brokered private placement of 1,428,571 units at a price of $0.14 per unit, for an aggregate gross proceed of $200,000. Each unit is comprised of one common share of the Company and one share purchase warrant, entitling the holder to purchase one share an exercise price of $0.21 per share until February 5, 2023.

- On February 10, 2021, the Company issued 1,137,589 shares for the conversion of convertible debentures of the principal amount of $200,000 plus interest accrued of $27,518 at a price of $0.20 per share. The carrying value of the debt component and the derivative liability of the debentures converted at the conversion date was $352,653.

- On February 12, 2021, the Company and St-Georges Metallurgy, and Altair entered into a License and Royalty Agreement for Altair to license St-Georges Metallurgy's patent-pending extraction methods and technology in separation, recovery, and purification of lithium and to act as an agent of the Company's developing technology in battery recycling.

  Pursuant to the License and Royalty Agreement, St-Georges Metallurgy will grant Altair a non-exclusive license to use the lithium extraction technology for any of Altair's lithium-bearing prospects in the United States. In exchange for the license, Altair has agreed to grant the Company a 5% net revenue royalty on all metals and minerals extracted and processed using any of the Company's methods or technologies.

  In addition, the Company will provide Altair with full access to the EV Battery Recycling Technology for the purpose of Altair acting as exclusive master agent to promote the licensing and deployment of the EV Battery Recycling Technology.

  Pursuant to the License and Royalty Agreement, the Company and St-Georges Metallurgy retain all ownership rights to the EV Battery Technology and the Lithium Extraction Technology, respectively. In addition, the Company retains the right to market, promote, license, and sell the EV Battery Recycling Technology to third parties. The License and Royalty Agreement may be terminated by mutual written consent of the parties. This agreement replaces the parties' previous agreement, and no additional payments or additional share issuance is to be expected.

  On February 16, 2021, the Company received a formal offer to enter into a partnership to complete a feasibility study on a proposed site and plant in Baie-Comeau, Quebec, where the Company could start its EV battery recycling operations. In 2021. The letter of intent is from Innovation & Development Manicouagan (ID Manic). On March 12, 2021, the Company executed a definitive agreement with its new partner ID Manic.

23. Subsequent Events (continued)

- On February 26, 2021, the Company issued 2,805,000 shares for the conversion of convertible debentures of the principal amount of $100,000 plus accrued interest at a price of $0.10 per share, principal amount of $150,000 plus accrued interest at a price of $0.15 per share, and principal amount of $150,000 plus accrued interest at a price of $0.20 per share.

- On March 3, 2021, the Company announced that having met their respective trigger conditions, it has elected to exercise its right to accelerate the expiry date of 5,217,800 warrants of the Company issued on or before November 1, 2020, to April 5, 2021. On April 5, 2021, 200,000 warrants expired unexercised.

- On March 3, 2021, the Company closed its first tranche non-brokered private placement of 10,000,000 units at a price of $0.50 and 8,831,632 flow-through units at a price of $0.60 for total gross proceeds of $9,698,979.

  Each unit is comprised of one common share of the Company and one share purchase warrant, entitling the holder to purchase one share at an exercise price of $0.65 until first 18 months from the issuance, and $1.05 for the 18 moths thereafter, together 36 months expiry period.

  Each flow-through unit is comprised of one common share of the Company on a flow-through bases, and one flow-through share purchase warrant. Each flow-through warrant entitles the holder thereof to purchase one share at an exercise price of $0.75 until first 18 months from the issuance, and $1.25 for the 18 months thereafter, together 36 months expiry period.

  The Company paid finder fee of $201,034 in cash, issued 140,000 non-transferable Finders warrants at an exercise price of $0.65 until March 3, 2024, and issued 169,890 non-transferable finders warrants at an exercise price of $0.75 until March 3, 2024.

- On March 11, 2021, the Company closed its final tranche non-brokered private placement of 1,083,333 flow-through units at a price of $0.60 for gross proceeds of $650,000.

  Each flow- through unit is comprised of one common share of the Company on a flow-through basis, and one flow-through share purchase warrant. Each flow-through warrant entitles the holder thereof to purchase one share at an exercise price of $0.75 until first 18 months from the issuance, and $1.25 for the 18 months thereafter, together 36 months expiry period.

  The Company paid finder fee of $39,000 in cash and issued 65,000 non-transferable finders warrants at an exercise price of $0.75 until March 12, 2024.

- Subsequent to the year ended December 31, 2020, the Company received $140,000 of the subscription receivable from prior year private placement.

- Subsequent to the year ended December 31, 2020, 2,975,000 stock options were exercised for proceeds of $257,500.

- Subsequent to the year ended December 31, 2020, 14,270,300 warrants were exercised for proceeds of $2,702,560.

- On March 11, 2021, the Company exercised 1,386,016 warrants of ZeU at a price of $0.30 per share. After exercising the warrants, the Company owns or controls directly 10,136,191 shares of ZeU, representing approximately 29.28% of the outstanding shares of ZeU.

- On April 16, 2021, the Company entered a binding term sheet to secure the site and building for its proposed battery recycling plant in the deep seaport of Baie-Comeau on the Quebec North Shore.

21. Subsequent Events (continued)

Additionally, a long-form engineering and technical services agreement, with the option to acquire the engineering firm, Roberge Industries Inc. will be included in the final agreement. The Company will issue to Roberge Industries Inc. a total of 500,000 common share warrants with an execution price of $0.75 for two years with a clause to allow the Company to accelerate the expiration of these warrants if the share price of the Company exceeds $1.13 at any time after the 4 months regulatory hold period.

- On April 19, 2021, the Company issued 375,000 common shares to settle $60,000 of accounts payable for its subsidiary EVSX.

- On May 10, 2021, the Company issued 17,669 common shares for the conversion of convertible debentures of the principal amount of $5,656 plus accrued interest at a price of $0.369 per share.

- On May 18, 2021, the Company granted a total of 1,025,000 stock options to certain consultants at an execution price of $0.45 until May 18, 2023.

- On June 14, 2021, the Company issued 2,620 common shares for the conversion of convertible debentures of the principal amount of $870 plus accrued interest at a price of $0.385 per share.

- On June 21, 2021 the Company executed a final option agreement that allows the Company to secure the land and building for its proposed battery recycling plant. Early design and engineering reviews of the industrial plant being secured have not identified the need for a major overhaul. The Company will have 45 days following the reception of its final feasibility study report to decide to enter into a lease agreement for the building. St-Georges will issue to Roberge Industries Inc. a total of 250,000 common share warrants with an execution price of $0.75 for two years. A clause allows the Company to accelerate the expiration of these warrants if the share price of St-Georges exceeds $1.05 at any time after the 4-month regulatory hold period.

- On February 8, 2021, ZeU executed a definitive agreement to acquire all of the issued and outstanding shares of Prego International Group AS, through ZeUPay (Note 7) for a total consideration of $8,125,000 comprised of:

  a) Issuance of 2,500,000 common shares of ZeU at a price of $0.325,;

  b) The issuance of $7,500,000 of convertible debentures of ZeUPay; and

  c) The issuance of 7,500,000 non-transferable share purchase warrants of ZeU, each entitling the holder to acquire one common share of ZeU at a price of $0.90 per share for a period of 12 months from the closing of the transaction, or at a price of $1.50 for a period of 12 months from the date that is 12 months from the closing date.

  The ZeUPay Debentures bear interest at the rate of 6.00% per annum the issuance date until the earlier of: (i) their date of conversion or (ii) the date that is 48 months from the Closing Date (the “Maturity Date”). The interest on the ZeUPay Debentures may, at the sole discretion of ZeUPay, be paid (i) in cash or (ii) by the issue of the equivalent value in common shares of ZeUPay at a price per share equal to the greater of (a) $1.00 and (b) the last financing price of ZeUPay.

  The principal amount of the ZeUPay Debentures, together with the interest accrued thereon, will automatically convert into common shares of ZeUPay on the earlier of: (i) the Maturity Date and (ii) the occurrence of a liquidity event, at a conversion price equal to the higher of: (a) $1.00 and (b) the last financing price of ZeUPay.

  Holders of the ZeUPay Debentures have a right to convert all of the outstanding principal amount of the ZeUPay Debentures, together with the interest accrued thereon, into common shares of ZeU at a price equal to the higher of: (i) $1.00 and (ii) the 5-day volume-weighted average price of the Common Shares on the CSE, at any time prior to the earlier of: (i) the Maturity Date and (ii) the occurrence of a liquidity event.

21. Subsequent Events (continued)

An aggregate of 2,100,000 Consideration Shares and the Common Shares issuable upon conversion of the ZeUPay Debentures are subject to a voluntary resale restriction of one year from the Closing Date or the date of conversion, as applicable.

- On March 31, 2021, ZeU exercised its option to repay $500,000 of the Kamari convertible debentures and all accrued interest for a total of $1,161,834 using 3,336,564 KAM tokens. As ZeU had recorded a $nil value on the balance sheet at December 31, 2020 due to a lack of objective market price, this transaction will result in a gain in the subsequent period.

- On May 4, 2021, ZeU entered into a letter of intent with Money Line Sports Inc, ("Money Line") a licensed platform and provider of streaming sports content, to acquire all of their outstanding securities for consideration of $1,501,500 which was paid by the issuance of 1,500,000 in unsecured convertible debentures of ZeU's subsidiary and the issuance of 1,500,000 non-transferable ZeU share purchase warrants at $0.91 for a period of 2 years from the closing. The principal amount of the convertible debentures will bear interest at a rate of 6% per annum for 2 years from the closing date.