

**FIRST POTASH CORP.**

**Annual Financial Statements**

**For the years ended February 29, 2020 and 2019**

**(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
First Potash Corp.

### *Opinion*

We have audited the accompanying financial statements of First Potash Corp. (the "Company"), which comprise the statements of financial position as at February 29, 2020 and February 28, 2019 and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' deficiency for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2020 and February 28, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 2 of the financial statements, which indicates that the Company has not generated revenue from operations and will require additional financing to maintain its operations and activities. As at February 29, 2020, the Company's current liabilities exceeded its current assets by \$22,500. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 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 IFRS, 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 Erez Bahar.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

February 5, 2021

**FIRST POTASH CORP.**

**STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

AS AT

|                                     | <b>February 29,<br/>2020</b> | <b>February 28,<br/>2019</b> |
|-------------------------------------|------------------------------|------------------------------|
| <b>ASSETS</b>                       |                              |                              |
| <b>Current</b>                      |                              |                              |
| Cash in trust                       | \$ -                         | \$ -                         |
|                                     | \$ -                         | \$ -                         |
| <hr/>                               |                              |                              |
| <b>LIABILITIES</b>                  |                              |                              |
| <b>Current</b>                      |                              |                              |
| Accounts payable                    | \$ 12,500                    | \$ 6,250                     |
| Accrued liabilities                 | 10,000                       | -                            |
|                                     | \$ 22,500                    | \$ 6,250                     |
| <br><b>SHAREHOLDERS' DEFICIENCY</b> |                              |                              |
| Capital stock (Note 5)              | 8,847,636                    | 8,847,636                    |
| Contributed surplus                 | 1,466,528                    | 1,466,528                    |
| Deficit                             | (10,336,664)                 | (10,320,414)                 |
|                                     | (22,500)                     | (6,250)                      |
| Total Shareholders' Deficiency      | (22,500)                     | (6,250)                      |
|                                     | \$ -                         | \$ -                         |

**Nature of operations** (Note 1)

**Going Concern** (Note 2)

**Subsequent Events** (Note 9)

The accompanying notes are an integral part of the annual financial statements.

Approved and authorized by the Board of Directors on February 5, 2021:

“LORILEE KOZUSKA”

\_\_\_\_\_  
Director

“MARK OBERG”

\_\_\_\_\_  
Director

**FIRST POTASH CORP.**

**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**(Expressed in Canadian Dollars)**

|                                                     | <b>For the years ended</b> |                          |
|-----------------------------------------------------|----------------------------|--------------------------|
|                                                     | <b>February 29, 2020</b>   | <b>February 28, 2019</b> |
| <b>Operating costs for the year</b>                 |                            |                          |
| Audit fees                                          | \$ 6,250                   | \$ 6,250                 |
| Legal fees                                          | 6,750                      | -                        |
| Regulatory filing fees                              | 3,250                      | -                        |
|                                                     | <u>16,250</u>              | <u>6,250</u>             |
| <b>Net loss and comprehensive loss for the year</b> | \$ (16,250)                | \$ (6,250)               |
| <b>Loss per share - basic and diluted</b>           | \$ (0.00)                  | \$ (0.00)                |
| <b>Weighted average common shares</b>               | <u>60,962,649</u>          | <u>60,962,649</u>        |

The accompanying notes are an integral part of the annual financial statements.

**FIRST POTASH CORP.**

**STATEMENTS OF CASH FLOWS**  
**(Expressed in Canadian Dollars)**

|                                                                           | <b>For the years ended</b> |                          |
|---------------------------------------------------------------------------|----------------------------|--------------------------|
|                                                                           | <b>February 29, 2020</b>   | <b>February 28, 2019</b> |
| <b>Cash flows used in operating activities</b>                            |                            |                          |
| Net loss for the year                                                     | \$ (16,250)                | \$ (6,250)               |
| Non-cash working capital item changes:                                    |                            |                          |
| Accounts payable and accrued liabilities                                  | 16,250                     | 6,250                    |
| <b>Change in cash during the year</b>                                     | -                          | -                        |
| <b>Cash, beginning of year</b>                                            | -                          | -                        |
| <b>Cash, end of year</b>                                                  | \$ -                       | \$ -                     |
| <b>Cash (paid) received during the year for income taxes and interest</b> | \$ -                       | \$ -                     |

The accompanying notes are an integral part of the annual financial statements.

**FIRST POTASH CORP.**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY  
FOR THE YEARS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019**

(Expressed in Canadian Dollars)

|                                  | Number of<br>Shares | Capital Stock       | Contributed<br>Surplus | Deficit                | Total              |
|----------------------------------|---------------------|---------------------|------------------------|------------------------|--------------------|
| <b>Balance February 28, 2018</b> | <b>60,962,649</b>   | <b>\$ 8,847,636</b> | <b>\$ 1,466,528</b>    | <b>\$ (10,314,164)</b> | <b>\$ -</b>        |
| Loss for the year                | -                   | -                   | -                      | (6,250)                | (6,250)            |
| <b>Balance February 28, 2019</b> | <b>60,962,649</b>   | <b>8,847,636</b>    | <b>1,466,528</b>       | <b>(10,320,414)</b>    | <b>(6,250)</b>     |
| Loss for the year                | -                   | -                   | -                      | (16,250)               | (16,250)           |
| <b>Balance February 29, 2020</b> | <b>60,962,649</b>   | <b>\$ 8,847,636</b> | <b>\$ 1,466,528</b>    | <b>\$ (10,336,664)</b> | <b>\$ (22,250)</b> |

The accompanying notes are an integral part of the annual financial statements.



# **FIRST POTASH CORP.**

## **Notes to the Annual Financial Statements February 29, 2020 and February 28, 2019 (Expressed in Canadian Dollars)**

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### **1. Nature of Operations**

First Potash Corp. (the “Company”), was incorporated in British Columbia on September 18, 2006. The address of the Company’s corporate office is #2206-1483 Homer Street, Vancouver, BC V6Z 3C7.

On October 23, 2020, the Company was restored. The Company announced that pursuant to its application to the Executive Director of the British Columbia Securities Commission (the “BCSC”) for a partial revocation of the order issued by the BCSC dated July 17, 2013 (the “BC CTO”), and its application to the Executive Director of the Alberta Securities Commission (the “ASC”) to vary a cease trade order issued by the ASC on October 16, 2013 (the “AB CTO”), on December 16, 2020, the BCSC issued a partial revocation order (the “Partial Revocation Order”) of the BC CTO and the ASC issued a variation order (the “Variation Order”) varying the AB CTO. The Partial Revocation Order and the Variation Order are solely for the purpose of permitting the Company to: (a) enter into a loan agreement (the “Loan Agreement”) to borrow \$10,000 (the “Loan”), with the proceeds to be used to pay expenses for the revival of the Company and the expenses in connection with the Partial Revocation Order and Variation Order (b) to convert the Loan into units; and (c) issue: (i) up to 90,294,822 common shares of the Company, at a subscription price of \$0.000161 per common share; and (ii) up to 85,988,419 common shares of the Company, at a subscription price of \$0.000645 per common share.

### **2. Going Concern**

These financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

As at February 29, 2020, the Company had a working capital deficit of \$22,500. The Company’s liquidity is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

The Company has not generated revenue from operations and will require additional financing to maintain its operations and activities. These material uncertainties and conditions may cast significant doubt as to the Company’s ability to continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

# FIRST POTASH CORP.

## Notes to the Annual Financial Statements

February 29, 2020 and 2019

(Expressed in Canadian Dollars)

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### 3. Basis of Presentation

#### Statement of compliance

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

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements were authorized for issue by the Board of Directors on February 5, 2021.

#### Basis of measurement

These financial statements are presented in Canadian dollars, unless otherwise stated.

#### Critical accounting judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

#### *Critical judgments in applying accounting policies*

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 2.

#### *Income tax*

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

# FIRST POTASH CORP.

## Notes to the Annual Financial Statements February 29, 2020 and 2019 (Expressed in Canadian Dollars)

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### 4. Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with IFRS and reflect the following significant accounting policies:

#### **Financial Instruments**

##### *Recognition*

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

##### *Classification*

The Company classifies its financial assets and financial liabilities in the following measurement categories:

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

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income or loss.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified. The Company has implemented the following classifications:

- All current liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method. Interest expense is recorded in profit or loss.

##### *Measurement*

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken to profit and loss or other comprehensive income or loss (an irrevocable election at the time of recognition).

# FIRST POTASH CORP.

## Notes to the Annual Financial Statements February 29, 2020 and 2019 (Expressed in Canadian Dollars)

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### 4. Significant Accounting Policies (cont'd...)

#### Financial Instruments (cont'd...)

##### *Impairment*

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

See Note 8 for additional information on the classification of the Company's financial instruments.

#### Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. For diluted per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the year, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the year, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

#### Income taxes

Income tax expense is comprised 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/income.

Current 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 taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date.

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

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probably that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized .

# FIRST POTASH CORP.

## Notes to the Annual Financial Statements

February 29, 2020 and 2019

(Expressed in Canadian Dollars)

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### 4. Significant Accounting Policies (cont'd...)

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.

#### Share based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

#### Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's equity that results from transactions and other events from other than the Company's shareholders. Gains and losses that would otherwise be recorded as part of net earnings is presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. For the years presented, net loss was the same as comprehensive loss.

#### Recent Accounting Pronouncements

The Company has initially adopted *IFRS 15 Revenue from contracts with customers* and *IFRS 9 Financial instruments* from January 1, 2018. The effect of initially applying these standards did not have a material impact on the Company's financial statements. In the case of IFRS 15, because the Company does not have any revenue from contracts with customers the adoption of this standard did not have any effect on the Company's financial statements.

# FIRST POTASH CORP.

## Notes to the Annual Financial Statements February 29, 2020 and 2019 (Expressed in Canadian Dollars)

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### 4. Significant Accounting Policies (cont'd...)

#### Recent Accounting Pronouncements (cont'd...)

##### *IFRS 9 Financial instruments*

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *IAS 39 Financial instruments: recognition and measurement*. There was no material impact to the Company's financial statements as a result of transitioning to IFRS 9.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

#### (a) Classification and measurement of financial assets and liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of "held to maturity", "loans and receivables" and "available for sale".

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out in the following paragraph.

A financial asset is classified as measured at "amortized cost", "fair value through other comprehensive income (FVOCI)" or "fair value through profit and loss (FVTPL)". The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets, which consist of receivables, are classified at FVTPL.

#### (b) Impairment of financial assets

An "expected credit loss (ECL)" model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of receivables.

The adoption of the ECL impairment model had a negligible impact on the carrying amounts of the Company's financial assets on the transition date given that the receivables are substantially all current and that the Company's financial assets are not of a nature which is subject to customer default.

# FIRST POTASH CORP.

## Notes to the Annual Financial Statements February 29, 2020 and 2019 (Expressed in Canadian Dollars)

### 4. Significant Accounting Policies (cont'd...)

#### Recent Accounting Pronouncements (cont'd...)

##### *IFRS 16 - Leases*

The newly adopted IFRS 16, Leases standard establishes principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company has analysed the impact of adopting IFRS 16 and anticipates that there will be no material changes as a result of adopting this new standard.

##### *IFRIC 23 – Uncertainty over Income Tax Treatments*

On January 1, 2019, the Company adopted IFRIC 23, Uncertainty over Income Tax Treatments which clarifies the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12, Income Taxes when there is uncertainty over income tax treatments. The adoption of IFRIC 23 has not had an impact on the consolidated financial statements of the Company.

### 5. Capital Stock and Reserves

The authorized capital stock of the Company is an unlimited number of common shares and unlimited number of preferred shares issuable in series. As at February 29, 2020 and 2019, the Company had 60,962,649 common shares outstanding.

#### Options Granted

During the years ended February 29, 2020 and 2019, the Company did not have any stock option activity. At February 29, 2020 and February 28, 2019 the following stock options were outstanding and exercisable:

| Outstanding | Exercisable | Exercise Price | Remaining Contractual Life (years) | Expiry Date        |
|-------------|-------------|----------------|------------------------------------|--------------------|
| 200,000     | 200,000     | \$ 0.55        | 0.11                               | April 9, 2020*     |
| 98,800      | 98,800      | 0.55           | 0.14                               | April 21, 2020*    |
| 950,000     | 950,000     | 0.30           | 0.24                               | May 26, 2020*      |
| 2,125,000   | 2,125,000   | 0.15           | 1.56                               | September 22, 2021 |
| 200,000     | 200,000     | 0.07           | 2.09                               | April 1, 2022      |
| 3,573,800   | 3,573,800   | 0.22           |                                    |                    |

\*Expired unexercised subsequent to February 29, 2020.

The weighted average contract life remaining on the above stock options is 1.12 years.

# FIRST POTASH CORP.

## Notes to the Annual Financial Statements February 29, 2020 and 2019 (Expressed in Canadian Dollars)

### 5. Capital Stock and Reserves

#### Warrants

The Company did not have any warrant activity or outstanding share purchase warrants as at or during the years ended February 29, 2020 and 2019.

### 6. Income Taxes

A reconciliation of income taxes at statutory rates is as follows:

|                                                                    | For the years ended  |                      |
|--------------------------------------------------------------------|----------------------|----------------------|
|                                                                    | February 29,<br>2020 | February 28,<br>2019 |
| Loss before income taxes                                           | \$ (16,250)          | \$ (6,250)           |
| Combined federal and provincial statutory income tax rate          | 27%                  | 27%                  |
| Expected income tax recovery at statutory tax rates                | 4,000                | 2,000                |
| Change in statutory, foreign tax, foreign exchange rates and other | (4,000)              | (2,000)              |
| <b>Total future income tax recovery</b>                            | <b>\$ -</b>          | <b>\$ -</b>          |

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

|                                                 | February 29<br>2020 | Expiry    | February 28<br>2019 | Expiry |
|-------------------------------------------------|---------------------|-----------|---------------------|--------|
| Non-capital losses available for future periods | \$ 23,000           | 2039-2040 | \$ 6,000            | 2039   |

Tax attributes are subject to review and potential adjustment by tax authorities.



# FIRST POTASH CORP.

## Notes to the Annual Financial Statements

February 29, 2020 and 2019

(Expressed in Canadian Dollars)

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### 7. Related Party Transactions

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

#### **Key management personnel**

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

There was no remuneration attributed to key management personnel during the years ended February 29, 2020 and February 28, 2019.

### 8. Financial Instruments and Capital Risk Management

The Company's financial instruments consist of receivables, and accounts payable.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

#### *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company as of February 29, 2020 has no cash on hand and \$22,500 in current liabilities. The Company is exposed to liquidity risk.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

# FIRST POTASH CORP.

## Notes to the Annual Financial Statements

February 29, 2020 and 2019

(Expressed in Canadian Dollars)

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### 8. Financial Instruments and Capital Risk Management (cont'd...)

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

#### a) 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 risk that the Company will realize a loss as a result of a decline in the interest rate is low, as the Company has no investments or liabilities with variable interest rates.

#### b) Foreign currency risk

As at February 29, 2020, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company believes its currency risk to be minimal.

#### c) Price risk

Price risk is related to equity and commodity price risks. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. As the Company holds no equity or commodity related investments or assets, the Company has no exposure to price risk.

#### *Capital management*

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

# FIRST POTASH CORP.

## Notes to the Annual Financial Statements

February 29, 2020 and 2019

(Expressed in Canadian Dollars)

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### 9. Subsequent Events

On January 12, 2021, the Company announced that Lorilee Kozuska, Mark Oberg and Daniel Knol were appointed as directors of the Company; Ronald Richman resigned as a director; and Lorilee Kozuska was appointed to the offices of President, Chief Executive Officer, Chief Financial Officer and Secretary of the Company.

The Company announced that pursuant to its application to the Executive Director of the British Columbia Securities Commission (the “BCSC”) for a partial revocation of the order issued by the BCSC dated July 17, 2013 (the “BC CTO”), and its application to the Executive Director of the Alberta Securities Commission (the “ASC”) to vary a cease trade order issued by the ASC on October 16, 2013 (the “AB CTO”), on December 16, 2020, the BCSC issued a partial revocation order (the “Partial Revocation Order”) of the BC CTO and the ASC issued a variation order (the “Variation Order”) varying the AB CTO. The Partial Revocation Order and the Variation Order are solely for the purpose of permitting the Company to: (a) enter into a loan agreement (the “Loan Agreement”) to borrow \$10,000 (the “Loan”), with the proceeds to be used to pay expenses for the revival of the Company and the expenses in connection with the Partial Revocation Order and Variation Order/ (b) to convert the Loan into units as set forth below; and (c) issue: (i) up to 90,294,822 common shares of the Company, at a subscription price of \$0.000161 per common share; and (ii) up to 85,988,419 common shares of the Company, at a subscription price of \$0.000645 per common share (the “Offering”).

On January 8, 2021, the Company entered into the Loan Agreement with Loomac Management Ltd. (“Loomac”). Pursuant to the terms of the Loan Agreement, the Company received a loan of \$10,000 which was converted into 62,111,801 units of the Company. Each unit consists of one common share and one common share purchase warrant (“Warrant”), with each Warrant entitling the holder to purchase one additional common share at an exercise price of \$0.000645 per share for a period of 60 months from the date of issue. The common shares, the Warrants, and the common shares issuable upon exercise of the Warrants are subject to a statutory four-month holder period and the BC CTO and the AB CTO.

As part of the Offering, the Company issued to Loomac 14,091,510 common shares at a price of \$0.000161 per share for a total amount of \$2,269 and 27,490,341 common shares at a price of \$0.000645 per share, for a total of \$17,731. The common shares are subject to a statutory four month hold period and the BC CTO and the AB CTO.

On January 22, 2021, the Company announced the issuance of the final tranche of the Offering of common shares, for a total of 76,203,312 common shares at a price of \$0.000161 per share for a total amount of \$12,269 and 58,498,078 common shares at a price of \$0.000645 per share, for a total of \$37,731.