

**FIRST POTASH CORP.**

**Annual Financial Statements**

**For the years ended February 28, 2021 and February 29, 2020**

**(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 28, 2021 and February 29, 2020 and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows 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 28, 2021 and February 29, 2020, 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, 2021, the Company's current liabilities exceeded its current assets by \$8,161. 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.

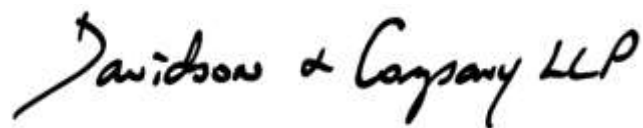
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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

June 14, 2021

**FIRST POTASH CORP.**

**STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

AS AT

	<b>February 28, 2021</b>	<b>February 29, 2020</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash in trust	\$ 26,181	\$ -
	\$ 26,181	\$ -
<hr/>		
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	\$ 21,842	\$ 12,500
Accrued liabilities	12,500	10,000
	\$ 34,342	\$ 22,500
 <b>SHAREHOLDERS' DEFICIENCY</b>		
Capital stock (Note 5)	8,927,636	8,847,636
Contributed surplus	1,466,528	1,466,528
Deficit	(10,402,325)	(10,336,664)
	(8,161)	(22,500)
Total Shareholders' Deficiency	(8,161)	(22,500)
	\$ 26,181	\$ -

**Nature of operations** (Note 1)

**Going Concern** (Note 2)

**Subsequent Events** (Note 9)

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

Approved and authorized by the Board of Directors on June 14, 2021:

“LORILEE KOZUSKA”

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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 28, 2021</b>	<b>February 29, 2020</b>
<b>Expenses</b>		
Audit fees	\$ 7,500	\$ 6,250
Accounting fees	5,000	-
Directors Fees	15,000	-
Legal fees	14,305	6,750
Regulatory filing fees	23,856	3,250
	65,661	16,250
<b>Net loss and comprehensive loss for the year</b>	\$ (65,661)	\$ (16,250)
<b>Loss per share - basic and diluted</b>	\$ (0.00)	\$ (0.00)
<b>Weighted average common shares</b>	89,133,289	60,962,649

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

**FIRST POTASH CORP.**  
**STATEMENTS OF CASH FLOWS**  
**(Expressed in Canadian Dollars)**

	<b>For the years ended</b>	
	<b>February 28, 2021</b>	<b>February 29, 2020</b>
<b>Operating activities</b>		
Net loss for the year	\$ (65,661)	\$ (16,250)
Non-cash working capital item changes:		
Accounts payable and accrued liabilities	11,842	16,250
<b>Cash used in operating activities</b>	<b>(53,819)</b>	<b>-</b>
<b>Financing activities</b>		
Proceeds from issuance of shares	70,000	-
Proceeds from issuance of debt	10,000	-
<b>Cash provided by financing activities</b>	<b>80,000</b>	<b>-</b>
<b>Change in cash during the year</b>	26,181	-
<b>Cash, beginning of year</b>	-	-
<b>Cash, end of year</b>	<b>\$ 26,181</b>	<b>\$ -</b>
<b>Cash (paid) received during the year for income taxes and interest</b>	\$ -	\$ -
<b>Non cash financing activities:</b>		
Shares issued to settle debt	\$ 10,000	\$ -

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

**FIRST POTASH CORP.**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY  
FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020**

(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total
<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>(22,500)</b>
Shares issued for cash	176,283,241	70,000	-	-	70,000
Shares issued for debt	62,111,801	10,000	-	-	10,000
Loss for the year	-	-	-	(65,661)	(65,661)
<b>Balance February 28, 2021</b>	<b>299,357,691</b>	<b>\$ 8,927,636</b>	<b>\$ 1,466,528</b>	<b>\$ (10,402,325)</b>	<b>(8,161)</b>

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



# FIRST POTASH CORP.

## Notes to the Financial Statements February 28, 2021 and February 29, 2020 (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.

For the year ended February 28, 2021, the Company’s primary business activity is investigating business opportunities to pursue with a view to potentially acquire them or an interest therein.

The Company announced subsequent to the fiscal year ended February 28, 2021, on March 26, 2021, the Alberta Securities Commission and British Columbia Securities Commission each issued an order revoking their previously issued cease trade orders in respect of the securities of the Corporation.

### 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 28, 2021, the Company had a working capital deficit of \$8,161. 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.

# FIRST POTASH CORP.

## Notes to the Annual Financial Statements February 28, 2021 and February 29, 2020 (Expressed in Canadian Dollars)

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### 2. Going Concern (cont'd...)

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.

Further, in March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's ability to continue as a going concern.

### 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 June 14, 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.

# FIRST POTASH CORP.

## Notes to the Financial Statements February 28, 2021 and February 29, 2020 (Expressed in Canadian Dollars)

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### 3. Basis of Presentation (cont'd...)

#### *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.

### 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:

- Financial assets measured at amortized cost are comprised of cash in trust.

# FIRST POTASH CORP.

## Notes to the Financial Statements February 28, 2021 and February 29, 2020 (Expressed in Canadian Dollars)

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

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

- 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).

#### *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.

# FIRST POTASH CORP.

## Notes to the Financial Statements February 28, 2021 and February 29, 2020 (Expressed in Canadian Dollars)

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

#### 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 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.

#### Unit offerings

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

# FIRST POTASH CORP.

## Notes to the Financial Statements February 28, 2021 and February 29, 2020 (Expressed in Canadian Dollars)

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

#### 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

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date.

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date.

These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months;
- provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its financial statements.

### 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 28, 2021, the Company had 299,357,691 outstanding and as a February 29, 2020, the Company had 60,962,649 common shares outstanding.

# FIRST POTASH CORP.

## Notes to the Financial Statements February 28, 2021 and February 29, 2020 (Expressed in Canadian Dollars)

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### 5. Capital Stock and Reserves (cont'd...)

#### During the year ended February 28, 2021

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 (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.

On January 11, 2021, 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.

#### During the year ended February 29, 2020

The Company did not have any capital stock activity.

#### Options

During the year ended February 28, 2021, the Company had 1,248,800 stock options expire and during the year ended February 29, 2020, the Company did not have any stock option activity.

## FIRST POTASH CORP.

### Notes to the Financial Statements February 28, 2021 and February 29, 2020 (Expressed in Canadian Dollars)

#### 5. Capital Stock and Reserves (cont'd...)

	Number of Options	Weighted Average Exercise Price
Outstanding at February 28, 2019 and 2020	3,573,800	\$0.22
Expired	(1,248,800)	\$0.36
Outstanding at February 28, 2021	2,325,000	\$0.14

At February 28, 2021 the following stock options were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining Contractual Life (years)	Expiry Date
2,125,000	2,125,000	0.15	0.56	September 22, 2021
200,000	200,000	0.07	1.09	April 1, 2022
2,325,000	2,325,000	0.14		

The weighted average contract life remaining on the above stock options is 0.61 years.

#### Warrants

The Company issued and has outstanding, 62,111,801 purchase warrants as at or during the year ended February 28, 2021. The Company did not have any warrant activity or outstanding share purchase warrants as at or during the year ended February 29, 2020.

The following is a summary of warrants outstanding as at February 28, 2021:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Outstanding at February 28, 2021	62,111,801	\$0.000645	January 8, 2026



# FIRST POTASH CORP.

## Notes to the Financial Statements February 28, 2021 and February 29, 2020 (Expressed in Canadian Dollars)

### 6. Income Taxes

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

	For the years ended	
	February 28, 2021	February 29, 2020
Loss before income taxes	\$ (65,661)	\$ (16,250)
Combined federal and provincial statutory income tax rate	27%	27%
Expected income tax recovery at statutory tax rates	18,000	4,000
Change in statutory, foreign tax, foreign exchange rates and other	(18,000)	(4,000)
<b>Total future income tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

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 28 2021	Expiry	February 29 2020	Expiry
Non-capital losses available for future periods	\$ 88,000	2039-2041	\$ 23,000	2039-2040

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

### 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.

# FIRST POTASH CORP.

## Notes to the Financial Statements February 28, 2021 and February 29, 2020 (Expressed in Canadian Dollars)

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### 7. Related Party Transactions (cont'd...)

There was remuneration attributed to key management personnel during the year ended February 28, 2021 but no remuneration during the year ended February 29, 2020:

	For the year ended	
	February 28, 2021	February 29, 2020
Consulting and professional fees	\$ 5,000	\$ -
Directors fees	15,000	-
	<u>\$ 20,000</u>	<u>\$ -</u>

### Other related parties

As at February 28, 2021, \$20,000 (February 29, 2020, \$nil) was included in accounts payable as due to the CEO/CFO and directors of the Company.

### 8. Financial Instruments and Capital Risk Management

The Company's financial instruments consist of cash in trust and accounts payable.

The Company is exposed in 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. The Company is not exposed to significant credit risk.

#### *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 28, 2021, has \$26,181 cash in trust and \$34,342 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 Financial Statements February 28, 2021 and February 29, 2020 (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 28, 2021, 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.

### 9. Subsequent Events

The Company announced that on March 26, 2021, the Alberta Securities Commission and British Columbia Securities Commission each issued an order revoking their previously issued cease trade orders in respect of the securities of the Corporation.