SUPREME METALS CORP.
(AN EXPLORATION STAGE COMPANY)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

Stern & Lovrics LLP
Chartered Professional Accountants

Samuel V. Stem. BA. CPA. CA
George G. Lovrics, BComm, CPA, CA

Nazli Dewji, BA, CPA, CMA

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Supreme Metals Corp.

Opinion
We have audited the consolidated financial statements of Supreme Metals Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the statements of loss and comprehensive loss, shareholders equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards **(IFRS).**

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.

Emphasis of Matter
We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $4,663,581 for the year ended December 31, 2019 and has incurred cumulative losses from inception in the amount of $10,084,895 at December 31, 2019. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about Supreme Metals Corp.'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 Management 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 fmdings, 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 George G. Lovrics.

Stern & Lovrics LLP

Toronto, Ontario
April 24, 2020

Chartered Professional Accountants
Licensed Public Accountants

AUDITED – EXPRESSED IN CANADIAN DOLLARS

As at	**December 31, 2019** $	December 31, 2018 $
Assets		
Current assets		
Cash	**11,450**	74,189
Amounts Receivable	**9,020**	22,073
Promissory notes receivable (Note 7)	**-**	545,592
Loan receivable (Note 8)	**-**	622,633
Prepaid expenses	**1,681**	1,681
	22,151	1,266,168
Total assets	**22,151**	1,266,168
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	**32,326**	114,230
Promissory notes payable (Note 10)	**151,468**	-
Total liabilities	**183,794**	114,230
Shareholders' Equity (Deficiency)		
Share capital (Note 11)	**6,699,116**	5,649,116
Preferred share capital (Note 11)	**2,300,000**	-
Reserve (Note 11)	**924,136**	940,086
Deficit	**(10,084,895)**	(5,437,264)
Total Shareholders' Equity (Deficiency)	**(161,643)**	1,151,938
Total liabilities and shareholders' equity (Deficiency)	**22,151**	1,266,168

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

Approved on behalf of the Board:

Signed: *"Robert Komarechka"*	Signed: *"Brendan Purdy"*
Director	Director

The accompanying notes are integral to these consolidated financial statements

SUPREME METALS CORP.
CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
AUDITED – EXPRESSED IN CANADIAN DOLLARS

For the years ended	December 31, 2019 $	December 31, 2018 $
Expenses		
Exploration and evaluation (expenditures) recovery (Note 6)	**(4,486,959)**	63,587
Professional fees	**(20,625)**	(26,805)
Consulting fees	**(215,311)**	(375,150)
Transfer agent and filing fees	**(15,786)**	(24,096)
Travel	**(14,453)**	(17,074)
Insurance	**(6,723)**	(6,723)
Office and general	**(7,069)**	(22,895)
Bank charges and interest	**(2,299)**	(954)
Total expenses	**(4,769,225)**	(410,110)
Other Items		
Interest income (Note 7)	**219**	5,103
Gain on disposal of subsidiary (Note 5)	**17,298**	-
Write-off of accounts payable (Note 9)	**88,127**	-
Total other items	**105,644**	5,103
Net loss and comprehensive loss for the year	**(4,663,581)**	(405,007)
Net loss and comprehensive loss per share	(0.02)	(0.00)
Weighted average number of shares outstanding	204,714,943	168,404,927

The accompanying notes are integral to these consolidated financial statements

SUPREME METALS CORP.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
AUDITED – EXPRESSED IN CANADIAN DOLLARS

	Share Capital #	Share Capital $	Preferred Shares #	Preferred Share Capital $	Share-Based Payment Reserve $	Warrant Reserve $	Deficit $	Total shareholders' equity (deficiency) $
Balance – December 31, 2017	137,948,532	4,805,999	-	-	15,950	122,834	(5,032,257)	(87,474)
Private placement	33,000,000	927,555	-	-	-	722,445	-	1,650,000
Share issuance costs	-	(87,832)	-	-	-	38,451	-	(49,381)
Issuance of common shares for warrant exercise	876,000	50,798	-	-	-	(6,998)	-	43,800
Warrant extension	-	(47,404)	-	-	-	47,404	-	-
Loss for the year	-	-	-	-	-	-	(405,007)	(405,007)
Balance – December 31, 2018	171,824,532	5,649,116	-	-	15,950	924,136	(5,437,264)	1,151,938
Balance – December 31, 2018	**171,824,532**	**5,649,116**	**-**	**-**	**15,950**	**924,136**	**(5,437,264)**	**1,151,938**
Iberian acquisition	35,000,000	1,050,000	115,000,000	2,300,000	-	-	-	3,350,000
Reclassification of share-based payment reserve	-	-	-	-	(15,950)	-	15,950	-
Loss for the year	-	-	-	-	-	-	(4,663,581)	(4,663,581)
Balance – December 31, 2019	**206,824,532**	**6,699,116**	**115,000,000**	**2,300,000**	**-**	**924,136**	**(10,084,895)**	**(161,643)**

The accompanying notes are integral to these consolidated financial statements

SUPREME METALS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
AUDITED – EXPRESSED IN CANADIAN DOLLARS

For the year ended,		December 31, 2019 $		December 31, 2018 $
Cash flows used in for operating activities				
Net loss and comprehensive loss for the year		**(4,663,581)**		(405,007)
Adjustments for items not involving cash:				
Interest expense		**1,468**		-
Interest income		**-**		(4,942)
Gain on disposal of subsidiary		**(17,298)**		-
Exploration and evaluation expenditures		**4,526,540**		-
Write-off of accounts payable		**(88,127)**		-
		(240,998)		(409,949)
Changes in non-cash working capital items:				
Decrease in other receivable		**16,392**		4,780
(Decrease) increase in accounts payable and accrued liabilities		**11,867**		(19,918)
Net cash used in operating activities		**(212,739)**		(425,087)
Investing activities				
Promissory note receivable		**-**		(540,650)
Working capital advance – loan receivable		**-**		(622,633)
Net cash used in investing activities		**-**		(1,163,283)
Financing activities				
Proceeds from promissory notes payable		**150,000**		-
Proceeds from warrant exercise		**-**		43,800
Share issuance costs		**-**		(49,381)
Proceeds from private placement		**-**		1,600,000
Net cash provided by financing activities		**150,000**		1,594,419
Change in cash		**(62,739)**		6,049
Cash, beginning		**74,189**		68,140
Cash, ending		**11,450**		74,189
Supplementary cash flow information:				
Transfer of option reserve to deficit	**$**	**15,950**		-
Transfer of warrant reserve to share capital		**-**	$	6,998
Transfer of accounts payable to share capital		**-**	$	50,000
Iberian acquisition	**$**	**3,350,000**		-
Allocation of warrant from private placement		**-**	$	722,445
Warrant extension		**-**	$	47,404
Finders fees issued pursuant to private placement		**-**	$	38,451

The accompanying notes are integral to these consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Supreme Metals Corp., the ("Company"), is engaged in the acquisition, exploration and development of natural resource properties with a focused approach in the area of green and energy metals.

The Company's head office and registered records office is located at Suite 810 - 789 West Pender Street, Vancouver, BC V6C 1H2. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "ABJ". In addition, on January 31, 2017 the Company's shares were accepted for continuous trading on the electronic trading platform XETRA (R) on the Frankfurt Exchange under the ticker symbol A68.

Supreme Metals Corp. is at an early stage of acquisition, exploration and development of natural resource properties and as is common with many small companies, it raises financing for its exploration and acquisition activities in discrete tranches.

The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production in the future. The Company is currently evaluating various options in order to address its financing needs. There can be no assurance that the Company's financing activities will continue to be successful or sufficient.

The Company has a working capital deficiency of $161,643 (2018 – working capital $1,151,938). For the year ended December 31, 2019, the Company had a net loss and comprehensive loss of $4,663,581 (2018 – $405,007) and had cash outflows from operations of $212,159 (2018 –$425,087). These circumstances cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets, liabilities and reported expenses should the Company be unable to continue as a going concern. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended December 31, 2019 and December 31, 2018. These consolidated financial statements were approved and authorized for issuance by the Board of directors on April 24, 2020.

(b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets to fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the year. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in Note 2.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated. The interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Alibaba Graphite Corp. and Iberian Lithium Corp.

(d) Functional and presentation currency

These consolidated financial statements are presented in Canadian Dollars, which is the Company's functional currency.

(e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgements exercised by management in applying accounting policies that have the most significant effect on the amounts presented in these consolidated financial statements are as follows:

i) Functional currency – The assessment of the Company’s functional currency and the functional currency of its subsidiaries involves judgment regarding the primary economic environment the Company and its wholly owned subsidiary operates in.
ii) Going concern – The assessment of the Company’s ability to continue as a going concern involves judgement regarding future funding available for its operations and working capital requirements as discussed in Note 1.

Critical accounting estimates

i) Income taxes and recoverability of potential deferred tax assets

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Income taxes and recoverability of potential deferred tax assets (continued)

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

ii) Share-based payments

Management determines costs for share-based payments using the Black-Scholes option pricing model. The fair value of the market-based and performance-based share awards are determined at the date of grant and incorporates Black-Scholes input assumption's including the future volatility of the stock price, expected dividend yield, and expected life. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(f) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Share-based payment transactions

The fair value of share options granted to employees and non-employees is recognized as an expense over the vesting period with a corresponding increase in shareholders' equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(h) Decommissioning liability

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the Company's exploration and evaluation activities. Discount rates using a pre-tax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. The Company has no restoration, rehabilitation and environment costs as at December 31, 2019 and December 31, 2018.

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The Company has no material provisions at December 31, 2019 and December 31, 2018.

(j) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized with regards to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Income tax (continued)

Deferred taxes are recognized as income or expense in profit or loss, except to the extent that tax arises from transactions recognized in equity. Therefore, when deferred taxes relate to equity items, a backwards tracing is necessary to determine the adjustment to taxes (e.g. change in tax rates and change in valuation allowance) that should be recorded in equity. For this purpose, the accounting policy of the Company is to first allocate changes in valuation allowance to capital losses due to share issuance costs before non-capital losses carry-forwards.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year.

(m) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(n) Segment reporting

The Company determined that it had only one operating segment, i.e. the mining exploration.

(o) New standards and interpretations adopted

IFRS 16 Leases
On January 1, 2019, the Company adopted IFRS 16 which specifies how an IFRS reporter recognizes, measures, presents and discloses leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The Company does not have any material lease agreements at December 31, 2019. Adoption of this standard did not have a material impact on the Company's consolidated financial statements.

3. CAPITAL RISK MANAGEMENT

The Company includes equity, comprising issued share capital and deficit, in the definition of capital, which as at December 31, 2019 was a share capital deficiency of $161,643 (2018 – share capital $1,151,938).

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its exploration commitments. To secure the additional capital necessary to continue with the exploration of mineral properties, the Company may attempt to raise additional funds through the issuance of debt or equity. The Company is not subject to any capital requirements imposed by a lending institution.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares and adjusting capital spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

There were no changes in the Company's process, policies and approach to capital management during the year ended December 31, 2019 and December 31, 2018.

4. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, amounts receivable. Cash is held with a Canadian chartered bank, from which management believes the risk of loss to be minimal.

Amounts receivable consists of sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of December 31, 2019. Management believes that the credit risk with respect to these amounts receivable is minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2019, the Company had cash and cash equivalents of $11,450 (2018 - $74,189) to settle trade accounts payable and accrued liabilities of $32,326 (2018 - $114,230), the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed in Note 1, the Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. Management is continuing in its efforts to secure financing and believes it will be successful.

(iii) Market risk

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

4. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

iv) Financial risk

Interest rate risk

The Company has cash and cash equivalent balances and no variable interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

v) Foreign currency risk

The Company's functional and presentation currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. The Company at the present time does not have any foreign currency balances subject to foreign currency risk.

vi) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

Cash is subject to floating interest rates. The Company has no variable debt and receives low interest rates on its cash and cash equivalents balances. As such, the Company does not have significant interest rate risk.

5. ASSET ACQUSITION AND DISPOSAL

On January 22, 2019, the Company completed the 100% acquisition of Iberian Lithium Corp. ("Iberian Lithium") via a three-cornered amalgamation with the Company's wholly owned subsidiary, 2661648 Ontario Inc. Iberian Lithium is focused on the acquisition and development of Lithium properties in Portugal and Spain. The Company acquired Iberian Lithium's option on the Alberta II Lithium property in Galicia, Spain with Strategic Minerals Spain S.L. ("Strategic Minerals").

As consideration, the Company issued 35,000,000 common shares at a deemed value of $0.03 per share and 115 million non-voting, convertible series 1 preferred shares ("Preferred Shares") at a deemed price of $0.02 per share.

The terms of the Preferred Shares, among other things, that they are non-voting, are convertible into common shares on a one to one basis, are eligible to participate in dividends if and when declared by the Company, have priority rights on liquidation and are subject to a restriction that no holder of the Preferred Shares may convert into common shares if the holder beneficially owns greater than 9.99% of common shares.

A $250,000 finder's fee was paid on closing to an arm's length party.

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under IFRS 3 – Business Combinations, as the significant inputs, processes and outputs, that together constitute a business, do not currently exist.

AUDITED – EXPRESSED IN CANADIAN DOLLARS

5. ASSET ACQUSITION AND DISPOSAL (CONTINUED)

The purchase price was determined based on *IFRS 2 - Share Based Payments* and allocated as follows:

Purchase price:	$
115,000,000 preferred shares	2,300,000
35,000,000 common shares	1,050,000
Option payments and exploration activity paid to Iberian prior to acquisition date	919,594
Finder's fee	250,000
Total consideration paid	4,519,594
Net assets acquired:	
Cash	1,552
VAT receivable	3,284
Net assets acquired	4,836
Deemed exploration and evaluation expenditure	4,514,758

During the year ended December 31, 2018, the Company advanced funds to Iberian for option and exploration activity and paid finder's fees of $250,000. During the year ended December 31, 2018, the Company entered into three promissory notes with Iberian Lithium. As at December 31, 2018, the principal amount of $540,650 and accrued interest of $6,310 was outstanding. The Company paid for $372,634 in exploration expenses on behalf of Iberian, pursuant to the continuation of Iberian's phase 1 mining program. As at December 31, 2019, the intercompany loan and promissory notes are eliminated upon consolidation.

During the year ended December 31, 2019, the Company sold its subsidiary, Iberian Lithium Portugal for €5,000 (CAD $7,500) and recognized a net gain on disposal of $17,298.

6. EXPLORATION AND EVALUATION EXPENDITURES

The Company's exploration and evaluation expenditures are mainly related to the acquisition of various property rights and finder's fees. Many of these property rights were either terminated or returned to the original claim holders as the Company decided against further expenditures on these properties. The exploration and evaluation expenditures are summarized as follows:

	December 31, 2019 $	**December 31, 2018 $**
Acquisition costs	4,514,758	-
General exploration expenditures	(27,799)	111,413
Recovery from option agreements	-	(175,000)
	4,486,959	**(63,587)**

During the year ended December 31, 2019, the Company received two government grants totaling $26,226 and recovered an additional $1,573 (2018 – incurred $111,413) for exploration and evaluation activities. The Company recovered $175,000 from option agreements in the comparative year.

6. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

(1) Iberian

On January 22, 2019, the Company entered into a definitive share purchase agreement to acquire 100% of Iberian Lithium. Iberian Lithium is focused on the acquisition and development of Lithium properties in Portugal and Spain. The Company acquired Iberian Lithium's option on the Alberta II Lithium property in Galicia, Spain with Strategic Minerals.

On December 31, 2017, Iberian Lithium entered into an option agreement with Strategic Minerals. Pursuant to the terms of the agreement, the Company could acquire 100% of Strategic Mineral's mineral claims. As consideration, the Company had the following commitments:

- Pay EUR 250,000 to Strategic Minerals 30 days prior to the start of the exploration work (PAID);
- Pay EUR 500,000 30 days prior to the second and third stage of exploration; and,
- Pay EUR 2,500,000 to be paid upon a signed transfer deed.

The Company had the right to extend the term of the option for 1 year for an additional EUR 50,000.

During the year ended December 31, 2019, the Company sold its subsidiary, Iberian Lithium Portugal thereby cancelling the aforementioned agreements.

(2) Mt. Thom Project

On February 3, 2017, the Company entered into a purchase and sale agreement (the "Mt. Thom Purchase Agreement") with the Vendors for the acquisition of a 100% undivided interest in the Mt. Thom Project. The Mt. Thom property is believed to be an "IOCG-type" copper-cobalt-gold prospect located in central Nova Scotia, Canada, approximately 22km east of Truro. The project consists of 39 mineral claims over five contiguous licenses and covers approx. 1,560 acres located in the Province of Nova Scotia. In consideration for the acquisition of the Mt. Thom Project, the Company paid $20,000 and issued 2,500,000 common shares to the Vendors. The Mt. Thom Project is subject to a 1.5% gross royalty payable to the Vendors.

On April 13, 2018, the Company entered into an option agreement (the "Option Agreement") with American Cobalt Corp (Formerly 1156010 BC Ltd.) (the "Purchaser"), a wholly owned subsidiary of International Cobalt Corp (CSE:CO) for its Mt. Thom Project. Pursuant to the agreement, the Purchaser can acquire up to 80% of the Mt. Thom Project. As consideration for this Option Agreement, the Purchaser has the following commitments:

- Pay $87,500 within 5 days of signing the option agreement (received);
- Earn 60% interest by completing a 43-101 compliant resource estimate on one or more of the mineral property claims and incur $100,000 of exploration expenditures within 30 months; and,
- Earn an additional 20% interest by completing a preliminary economic assessment within 48 months.

The Mt. Thom Project is subject to a 1.5% gross royalty.

On August 20, 2019, the Option Agreement with American Cobalt Corp. was terminated and the Property was returned to the Company.

6. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

(3) The Foster Marshall Property

On February 13, 2017, the Company entered into a mineral purchase and acquisition agreement with Gino Chitaroni, Elmer B. Stewart, and Robert Peel (the "FM Vendors") providing for the acquisition of a one hundred percent (100%) undivided interest in and to seven mineral claims located in the Ingram and Ingram Townships of the Province of Ontario (the "FM Project"). The FM Project is located in the Larder Lake Mining Division, more specifically in the historic mining area of Cobalt, Ontario. The property is located approximately 25 kms north of the former producing Langis Mine project, once held by Agnico Eagle Mines Limited Pursuant to the FM Acquisition Agreement; the Company shall earn 100% of the FM Project upon the payment of $100,000 and the issuance of 6,500,000 common shares (issued) to the FM Vendors. The FM Project is subject to a 2% gross royalty payable to the FM Vendors, half of which can be acquired at any time by the Company for a cash payment of $1,000,000. The project consists of 7 mineral claim units and covers approx. 633 acres. On August 5, 2017, the additional staking of a 6 unit claim contiguous to the Foster Marshall Property was completed by the Company. This additional six-unit claim is 100% owned by the Company and has no associated royalty.

On April 10, 2018, the Ontario Ministry of Mines and Forests readjusted their previous 16 hectare claims to be converted to 25 hectare cells. This adjustment resulted in the creation of 25 full cells and 4 boundary cells to comprise the property changing the area of the Foster Marshall property to be approximately 659 hectares.

On April 13, 2018, the Company entered into an option agreement (the "Option Agreement") with American Cobalt Corp (Formerly 1156010 BC Ltd.) (the "Purchaser"), a wholly owned subsidiary of International Cobalt Corp (CSE:CO) for its Foster Marshall Project. Pursuant to the agreement, the Purchaser can acquire up to 80% of the Foster Marshall Property. As consideration for this Option Agreement, the Purchaser has the following commitments:

- Pay $87,500 within 5 days of signing the option agreement (received);
- Earn 60% interest by completing a 43-101 compliant resource estimate on one or more of the mineral property claims and incur $100,000 of exploration expenditures within 30 months; and,
- Earn an additional 20% interest by completing a preliminary economic assessment within 48 months.

The Foster Marshall Property is subject to a 2% gross royalty payable to the original owners of the property, half of which can be purchased at any time for a cash payment of $1,000,000.

On February 25, 2019, American Cobalt Corp. withdrew from the Foster Marshall Property and the main claims of interest on the Foster Marshall Project expired.

(4) The Bloom Lake East Project

On February 3, 2017, the Company entered into an agreement of purchase and sale (the "Bloom Lake East Purchase Agreement") with Thomas Popoure and Ryan Kalt (the "Vendors") providing for the acquisition of a one hundred percent (100%) undivided interest in and to the Bloom Lake East Project located in Newfoundland and Labrador. Pursuant to the Bloom Lake East Purchase Agreement, the Company shall earn 100% of the Project upon the payment of $100,000 (paid) and issuance of 5,000,000 common shares (issued) to the Vendors. The Bloom Lake East Project is subject to a 1.5% gross royalty payable to the Vendors. In February 2018, the Company technically allowed the Bloom Lake East Claims to expire but was able to make a payment to the Newfoundland government to extend the time for submission of assessment work.

On January 22, 2019, the Company entered into a Joint Exploration Agreement (the "Agreement") with Champion Iron Limited ("Champion"), for a joint exploration on the Company's Bloom Lake East Property and Champion's Bloom Lake Mine Property.

AUDITED – EXPRESSED IN CANADIAN DOLLARS

6. EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)

(4) The Bloom Lake East Project (continued)

Pursuant to the terms of the agreement, Champion, at the expense of their own, explore the licenses held by Supreme on the Bloom Lake East Property and the Company can explore for cobalt on Champion's property. Champion will fund the following budget allocation:

- $100,000 in exploration expenditures on the Bloom Lake East Property; and
- $50,000 for cobalt exploration on the Bloom Lake Iron Mine Property.

The Bloom Lake East Project agreements were terminated during the year ended December 31, 2019.

See Note 15.

(5) The Helfrick Property

On March 8, 2017, the Company entered into an agreement of purchase and sale (the "Helfrick Property Option Agreement") with Otter Minerals Ltd (the "Vendors") providing for the acquisition of an option to purchase a 100% interest in the Helfrick Property located in the Algoma Mining Division, Ontario, located approximately 27 kilometres north of the town of Thessalon, Ontario. The Helfrick Property consists of 8 mining patents of 8 units covering approximately 128 hectares with historic bulk sampling of cobalt bearing mineralization. Pursuant to the agreement the Company issued 9,000,000 common shares and paid $10,000 to the Vendors.

On March 13, 2017, the Company via contract claimstakers, staked an additional 2 claims totalling 12 units, (approximately 192 hectares) adjacent to the Helfrick Property. These newly staked claims were registered in the name of the Company on March 20, 2017. The acquisition of these claims allows a contiguous land package of 320 hectares in the area including the Helfrick Property patents. In addition, the patent claims also include the C. Beaudoin Cu, Au Property. During the year ended December 31, 2018, the Company elected not to continue with the option and the agreement was terminated.

7. PROMISSORY NOTES RECEIVABLE

	December 31, 2018 $
Balance, December 31, 2017	-
Additions	540,650
Interest	4,942
Balance, December 31, 2018	545,592

During the year ended December 31, 2018, the Company entered into three promissory notes ("Notes") with an arms-length party. As at December 31, 2018, the principal amount of $540,650 plus accrued interest of $4,942 were outstanding. The Notes bear interest at 2% per annum and matured on March 5, 2019.

8. LOAN RECEIVABLE

During the year ended December 31, 2018, the Company advanced $250,000 in cash and paid for $372,633 in expenses on behalf of Iberian, pursuant to the continuation of Iberian's phase 1 mining program. The working capital advances are non-interest bearing and due on demand. The loan receivable is eliminated upon consolidation in the year ended December 31, 2019 as a result of acquiring Iberian.

AUDITED – EXPRESSED IN CANADIAN DOLLARS

9. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are as follows:

	December 31, 2019	December 31, 2018
Trade payables	$ 23,826	$ 109,230
Accrued liabilities	8,500	5,000
Total	$ 32,326	$ 114,230

On December 31, 2019, the Company recorded an $88,127 write-off of accounts payable.

10. PROMISSORY NOTES PAYABLE

During the year ended December 31, 2019, the Company received two working capital loans from arm's length parties totalling $150,000. The principal amount of one of the loans is $50,000, and bears interest at 8% per annum. As at December 31, 2019, the Company has accrued interest expense of $1,468 on the interest-bearing loan. Both of the loans are unsecured and due on demand.

11. SHARE CAPITAL

Authorized share capital

Unlimited common shares without nominal or par value and unlimited number of convertible preferred shares without par value, participating, each share convertible into one common share, and non-voting.

Issuance of common and preferred shares for the year ended December 31, 2019

On October 22, 2018, the Company entered into a definitive share purchase agreement to acquire 100% of Iberian Lithium. Iberian Lithium is focused on the acquisition and development of Lithium properties in Portugal and Spain. The Company acquired Iberian Lithium's option on the Alberta II Lithium property in Galicia, Spain with Strategic Minerals.

On January 22, 2019, the Company issued 35,000,000 common shares with a fair value of $1,050,000 and 115,000,000 non-voting, convertible series 1 preferred shares with a fair value of $2,300,000.

Issuance of shares for the year ended December 31, 2018

On March 27, 2018, the Company closed a non-brokered private placement (the "Offering") financing by issuing 33,000,000 units ("the Units") at a subscription price of $0.05 per Unit for gross proceeds of $1,650,000. Each Unit consisted of one common share ("Share") of the Company and one share purchase warrant ("Warrant"). Each warrant is exercisable into one common share ("Warrant Share") at a price of $0.075 for a period of two years. The shares and the underlying Warrant Shares issued in connection with this offering will be subject to a statutory four month hold period. The warrants were fair valued at $722,445. 985,600 broker warrants were issued with a fair value of $38,451 and finders fees of $49,381 was paid in connection with the Offering. Each broker warrant is exercisable into a common share at a price of $0.075 for a period of two years.

AUDITED – EXPRESSED IN CANADIAN DOLLARS

11. SHARE CAPITAL (CONTINUED)

The broker warrants issued to the agent were valued using the Black-Scholes option pricing model with the following input assumptions:

Risk-free interest rate	1.84%
Estimated life	2 years
Expected volatility	145.83%
Expected dividend yield	0%
Forfeiture rate	0%

The Company issued 876,000 common shares pursuant to the exercise of 876,000 warrants for gross proceeds of $43,800; the Company re-allocated $6,998 from warrant reserve to share capital.

(a) Share Options

The Company has a share option plan ("the Plan") under which options to purchase common shares may be granted to officers, directors, employees and non-employees of the Company. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of five years. The exercise price of any option granted under the Plan may not be less than fair market value of the common shares at the time the option is granted, less any permitted discount.

All options are non-transferable. The options are subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be a director, officer, or consultant of the Company, or upon the retirement, permanent disability or death of an optionee.

The following table summarizes information about share options outstanding and exercisable at December 31, 2019 and December 31, 2018:

	Number of options #	**Weighted average exercise price $**
Balance, December 31, 2017 and December 31, 2018	4,350,000	0.05
Expired	(4,350,000)	(0.05)
Balance, December 31, 2019	**-**	**-**

(b) Warrants

The following is a summary of the Company's warrant activity:

	Number of Warrants #	**Weighted average exercise price $**
Balance, December 31, 2017	15,551,200	0.05
Issued	40,985,600	0.075
Exercised	(876,000)	(0.05)
Balance, December 31, 2018	55,660,800	0.07
Issued	-	-
Balance, December 31, 2019	55,660,800	0.07

AUDITED – EXPRESSED IN CANADIAN DOLLARS

11. SHARE CAPITAL (CONTINUED)

On November 22, 2018, the Company extended 14,499,200 warrants exercisable at $0.05 from a date of December 7, 2018 to December 7, 2020. The warrants were originally issued on December 12, 2016 in connection with a private placement. All other terms of the warrant remain the same. The fair value of $47,404 was determined using the Black Scholes Option Pricing Model with the following assumptions: stock price - $0.02; exercise price - $0.05; expected life – 2 years; volatility – 147%; dividend yield – $0; and risk-free rate – 2.21%.

As at December 31, 2019, the Company has outstanding warrants exercisable to acquire 55,484,800 shares as follows:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Average remaining Contractual life (Years)
24,720,000*	$0.075	March 26, 2020	0.24
16,265,600*	$0.075	April 12, 2020	0.28
14,675,200	$0.050	December 7, 2020	0.94
55,660,800			0.34

*see Note 15

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company incurred the following related party transactions, with associated persons or corporations, which were measured at the exchange amount as follows:

Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by directors, executive officers and officers as follows:

Year ended	December 31, 2019 $	December 31, 2018 $
Consulting fees paid or accrued to the Chief Executive Officer	120,000	80,000
Legal fees paid to a director	-	27,500
Accounting fees paid to the Chief Financial Officer	-	2,500
	120,000	110,000

There are no amounts payable to directors and companies owned thereby at December 31, 2019 and 2018, respectively.

13. SEGMENTED INFORMATION

The Company's operations in the prior year comprised a single reporting operating segment engaged mainly in mineral exploration. As the operations were transitioning away from mineral exploration in that year with no definitive additional reporting segment, the Company's activities were still reported as a single reporting segment. In order to determine reportable operating segments, the chief operating decision maker reviews various factors including nature of operations, geographical location, quantitative thresholds and managerial structure.

AUDITED – EXPRESSED IN CANADIAN DOLLARS

14. PROVISION FOR INCOME TAXES

The income tax recovery varies from the amounts that would be computed applying the basic federal and provincial income tax rate aggregating 26% (2018 – 26%) to loss before income taxes as shown below:

	2019 $	2018 $
Expected income tax (recovery)	(1,212,531)	(105,302)
Share issue expenses	(5,162)	(5,162)
Non-deductible expenses	(12,000)	(11,580)
Tax benefit not recognized	1,229,693	122,044
Income tax recovery	-	-

Significant components of the Company's unrecognized deferred income tax assets are approximated as follows:

	2019 $	2018 $
Non-capital losses carried forward	534,357	394,344
Exploration and evaluation assets	251,929	28,921
Share issue costs	10,298	15,460
	796,584	438,725
Unrecognized deferred tax assets	(796,584)	(438,725)
	-	-

The deferred income tax assets have not been recognized above as it is not probable that future taxable profit will be available against which the Company can utilize benefits therefrom.

The Company has reported non capital losses available for deduction of approximately $2,056,000. These losses, if not utilized will expire as follows:

Year	Amount $
2034	150,000
2035	210,500
2036	242,000
2037	434,500
2038	485,000
2039	534,000
	2,056,000

15. SUBSEQUENT EVENTS

Bloom Lake East Sale Agreement

On March 19, 2020, a sale agreement of the Bloom Lake East Property was made with Champion Iron Limited's subsidiary Quebec Iron Ore Inc. The sale agreement consisted of a cash payment of $61,400 to be paid to Supreme. A gross royalty of 1.25% will be held by the Company, and an additional 1% gross royalty will be held by the original claimholder. The 1.25% gross royalty held by the Company can be purchased at the discretion of Champion at a rate of $100,000 for each 0.1%.

Expired warrants

On March 26, 2020, 24,720,000 warrants exercisable at $0.075 per share expired unexercised.

On April 12, 2020, 16,265,600 warrants exercisable at $0.075 per share expired unexercised.