United Battery Metals Corp.

Consolidated Financial Statements

July 31, 2019 and 2018

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of United Battery Metals Corp.:

Opinion

We have audited the consolidated financial statements of United Battery Metals Corp. (the "Company"), which comprise the consolidated statement of financial position as at July 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for years ended July 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

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

Our opinion on the financial statements does not cover the other information and will 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. 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. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
November 26, 2019

United Battery Metals Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	July 31, 2019	July 31, 2018
ASSETS			
Current assets			
Cash		$ 68,167	$ 70,234
Receivables		3,560	3,109
Prepaid expenses	3	12,412	4,620
		84,139	77,963
Non-current assets			
Exploration and evaluation assets	4	-	1,079,388
TOTAL ASSETS		**$ 84,139**	**$ 1,157,351**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	5,7	$ 21,804	$ 33,859
TOTAL LIABILITIES		21,804	33,859
SHAREHOLDERS' EQUITY			
Share capital	6	4,043,706	1,471,494
Reserve	6	708,463	10,609
Accumulated other comprehensive loss		(1,076)	-
Deficit		(4,688,758)	(358,611)
SHAREHOLDERS' EQUITY		62,335	1,123,492
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 84,139**	**$ 1,157,351**

Nature of operations and going concern (Note 1)
Subsequent event (Note 10)

Approved and authorized on behalf of the Board of Directors on November 26, 2019:

"Faizaan Lalani" Director "Michael Dehn" Director

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

(Expressed in Canadian Dollars)

	Notes	For the year ended July 31, 2019	For the year ended July 31, 2018
Expenses			
Director fees	7	$ 30,000	$ 15,000
General and administration		11,737	3,162
Investor relations		20,168	24,766
Management and consulting fees	7	181,164	35,889
Marketing		2,047,694	-
Professional fees	7	100,913	60,828
Project generation		-	1,055
Public company costs		10,949	2,495
Regulatory and transfer agent fees		21,956	54,062
Share-based payments	6,7	666,239	10,609
Travel		1,076	86
Total expenses		(3,091,896)	(207,952)
Impairment of evaluation and exploration assets	4	(1,238,251)	(133,685)
Net loss		**(4,330,147)**	**(341,637)**
Other comprehensive loss			
Exchange difference on translation		(1,076)	-
Total comprehensive loss		**$ (4,331,223)**	**$ (341,637)**
Basic and diluted loss per share		**$ (0.18)**	**$ (0.03)**
Weighted average number of common shares outstanding		**24,566,845**	**13,558,183**

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

(Expressed in Canadian Dollars)

		Share capital						
	Notes	Number of shares	Amount	Special warrants	Reserve	Accumulated other comprehensive loss	Deficit	Total
Balance at July 31, 2017		12,400,092	$ 290,003	$ 157,675	$ -	$ -	$ (16,974)	$ 430,704
Shares issued, special warrants convertec	6	1,574,250	157,425	(157,425)	-	-	-	-
Share issuance costs		-	(2,934)	-	-	-	-	(2,934)
Shares issued, acquisition of subsidiary	4, 6	2,050,000	1,025,000	-	-	-	-	1,025,000
Warrants exercised	6	10,000	2,000	-	-	-	-	2,000
Special warrants cancelled	6	-	-	(250)	-	-	-	(250)
Share-based payments	6	-	-	-	10,609	-	-	10,609
Net loss for the year		-	-	-	-	-	(341,637)	(341,637)
Balance at July 31, 2018		**16,034,342**	**1,471,494**	**-**	**10,609**	**-**	**(358,611)**	**1,123,492**
Shares issued, private placement	6	4,248,184	2,063,349	-	-	-	-	2,063,349
Share issuance costs	6	-	(40,299)	-	-	-	-	(40,299)
Finders warrants	6	-	(31,615)	-	31,615	-	-	-
Warrants exercised	6	5,090,018	580,777	-	-	-	-	580,777
Share-based payments	6	-	-	-	666,239	-	-	666,239
Exchange difference on translation		-	-	-	-	(1,076)	-	(1,076)
Net loss for the year		-	-	-	-	-	(4,330,147)	(4,330,147)
Balance at July 31, 2019		**25,372,544**	**$ 4,043,706**	**$ -**	**$ 708,463**	**$ (1,076)**	**$ (4,688,758)**	**$ 62,335**

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

(Expressed in Canadian Dollars)

		For the year ended July 31, 2019		For the year ended July 31, 2018
Operating activities				
Net loss for the year	$	(4,330,147)	$	(341,637)
Adjustments for non-cash items:				
Share-based payments		666,239		10,609
Impairment of evaluation and exploration assets		1,238,251		133,685
Changes in non-cash working capital items:				
Receivables		(451)		(2,159)
Prepaid expenses		(7,792)		(4,620)
Trade payables and accrued liabilities		(12,055)		23,043
Net cash flows used in operating activities		(2,445,955)		(181,079)
Investing activities				
Exploration and evaluation assets		(158,863)		(137,251)
Net cash flows used in investing activities		(158,863)		(137,251)
Financing activities				
Shares issued		2,063,349		-
Share issuance costs		(40,299)		(2,934)
Cancellation of special warrants		-		(250)
Warrants exercised		580,777		2,000
Net cash flows provided by (used in) financing activities		2,603,827		(1,184)
Foreign exchange impact on cash		(1,076)		-
Decrease in cash		(2,067)		(319,514)
Cash, beginning of the year		70,234		389,748
Cash, end of the year	**$**	**68,167**	**$**	**70,234**
Non-cash Investing and Financing information				
Shares issued, acquisition of mineral property	$	-	$	1,025,000
Shares issued, conversion of special warrants	$	-	$	157,425

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

1. Nature of operations and going concern

United Battery Metals Corp. (formerly United Lithium Corp.) (the "Company") was incorporated on April 28, 2017 under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties.

The head office and principal address of the Company is located at 789 West Pender Street, Suite 1080, Vancouver, British Columbia, Canada, V6C 1H2. The Company's registered and records office address is 789 West Pender Street, Suite 1080, Vancouver, British Columbia, Canada, V6C 1H2.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. At July 31, 2019, the Company had not achieved profitable operations, had a net loss of $4,330,147 for the year ended July 31, 2019, an accumulated deficit of $4,688,758 at July 31, 2019, had not advanced its mineral properties to commercial production and expects to incur further losses in the development of its business, all of which indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its mineral property exploration activities and its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance that it will be able to do so in the future.

2. Significant accounting policies and basis of preparation

These consolidated financial statements were authorized for issue by the directors of the Company on November 26, 2019.

Statement of compliance with International Financial Reporting Standards

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

Basis of preparation

These consolidated financial statements of the Company have been prepared on a historical cost basis except for certain financial assets measured at fair value. These consolidated financial statements are presented in Canadian dollars unless otherwise specified. The financial statements of the Company reflect the consolidation of the financial results of Company and its wholly owned subsidiaries.

2. Significant accounting policies and basis of preparation (cont'd)

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled subsidiaries. Details of controlled subsidiaries are as follows:

		Percentage owned*	
	Country of incorporation	**July 31, 2019**	**July 31, 2018**
Greenhat Mineral Holdings Ltd.	Canada	100%	100%
Greenhat Minerals Holdings (US) Ltd.	United States	100%	100%

*Percentage of voting power is in proportion to ownership.

Significant accounting judgments estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during this period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of evaluation and exploration assets, valuation of share-based payments, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Going concern
   Management has determined that the Company will continue as a going concern for the next year.

Foreign currency translation

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. These consolidated financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into an entity's functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of loss in the period in which they arise.

2. Significant accounting policies and basis of preparation (cont'd)

Foreign currency translation (cont'd)

Greenhat Minerals Holdings (US) Ltd. functional currency is the US Dollar. The financial statements of entities that have a functional currency different from that of the Company are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position; income and expenses – at the average rate of the period and items that are directly recognized in equity at historical rates. Exchange difference are recognized in other comprehensive income as cumulative translation adjustments.

Exploration and evaluation assets
Exploration and evaluation expenditures relating to mineral properties include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Share-based payments
Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Vesting is determined by the Board of Directors.

2. Significant accounting policies and basis of preparation (cont'd)

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

Valuation of equity units issued in private placements (cont'd)

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants will be in the warrant reserve.

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of August 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). As a result of the adoption of IFRS 9, management has changed its accounting policy for financial instruments prospectively. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification

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

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	Loans and receivables	FVTPL
Receivables	Loans and receivables	Amortized cost
Trade payables	Financial liabilities	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

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

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments (cont'd)

(ii) Measurement (cont'd)

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

(iii) Impairment of financial assets at amortized cost

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

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit and loss.

Impairment of assets

The carrying amount of the Company's assets (which includes exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

2. Significant accounting policies and basis of preparation (cont'd)

Impairment of assets (cont'd)

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and short-term highly liquid investments and bank overdrafts.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred tax is accounted for using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for temporary differences related to the initial recognition of the assets or liabilities that affect neither accounting nor taxable profit nor investments in subsidiaries, associates and interests in joint ventures to the extent it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner and expected date of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilized.

2. Significant accounting policies and basis of preparation (cont'd)

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercise were used to acquire common shares at the average market price during the reporting period.

Restoration and environmental obligations

The Company recognizes liabilities for legal and constructive obligations associated with the retirement of mineral properties. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in the regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense. The Company did not have any restoration provisions at July 31, 2019.

Accounting standards issued but not yet applied

<u>Leases</u>

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. As the Company has no leases, the adoption of IFRS 16 will have no effect on the Company's consolidated financial statements.

3. Prepaid expenses

Prepaid expenses consist primarily of prepaid insurance.

(Expressed in Canadian Dollars)

4. Exploration and evaluation assets

Details of the Company's exploration and evaluation assets at July 31, 2019 are as follows:

		Wray Mesa
Property acquisition costs		
Balance, beginning of year	$	1,075,000
Balance, end of year		1,075,000
Exploration and evaluation costs		
Balance, beginning of year		4,388
Costs incurred during year:		
Claim maintenance		39,593
Environmental		7,008
Field and assays		1,071
Geological		93,203
Travel and accommodation		18,099
		158,974
Balance, end of year		163,362
Other items:		
Exchange difference on translation		(111)
Impairment		(1,238,251)
		(1,238,362)
Total	$	-

South Big Smoky Valley Project – Esmeralda County, Nevada USA

On July 14, 2017, the Company entered into an option agreement with Ultra Lithium Corp. to earn a 100% interest in the South Big Smoky Valley Project ("SBS Project"). The SBS Project is a contiguous set of claims located in Esmeralda County, Nevada USA.

In order to exercise its option to acquire the 100% interest in the SBS Project, the Company was required to make total payments of $125,000 in cash, issue 1,000,000 common shares of the Company and incur qualified exploration expenditures of $465,000 over a three-year period. During the year ended July 31, 2017, the Company issued 300,000 common shares with a fair value of $15,000 and incurred exploration expenditures of $35,822 on the SBS Project. During the year ended July 31, 2018, the Company paid $15,000 in cash and incurred exploration expenditures of $67,863 on the SBS Project.

Wray Mesa Project – Montrose County, Colorado, USA

In July 2018, the Company entered into a share purchase agreement to acquire 100% of the outstanding shares of Greenhat Minerals Holdings Ltd. ("Greenhat"). Greenhat holds the rights to the Wray Mesa Project, an exploration stage uranium/vanadium property located in Montrose County, Colorado, USA. In consideration for the shares of Greenhat, the Company paid $50,000 in cash and issued 2,050,000 common shares of the Company with a fair value of $1,025,000, for total consideration of $1,075,000 (Note 6). The acquisition costs of Greenhat were allocated entirely to the property.

On July 31, 2019, the Company decided not to proceed with the project and recorded an impairment of $1,238,251 in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

4. Exploration and evaluation assets (cont'd)

On July 31, 2018, the Company decided not to proceed with the SBS Project and recorded an impairment of $133,685 in the consolidated statement of loss and comprehensive loss.

Details of the Company's exploration and evaluation assets at July 31, 2018 are as follows:

	Big Smoky	Wray Mesa	Total
Property acquisition costs			
Balance, beginning of year	$ 15,000	$ -	$ 15,000
Additions	15,000	1,075,000	1,090,000
Balance, end of year	30,000	1,075,000	1,105,000
Exploration and evaluation costs			
Balance, beginning of year	35,822	-	35,822
Costs incurred during period:			
Analysis	9,867	-	9,867
Field and assays	3,842	1,637	5,479
Geological	44,646	-	44,646
Travel and accommodation	9,508	2,751	12,259
	67,863	4,388	72,251
Balance, end of year	103,685	4,388	108,073
Other item:			
Impairment	(133,685)	-	(133,685)
Total	$ -	$ 1,079,388	$ 1,079,388

5. Trade payables and accrued liabilities

	July 31, 2019	July 31, 2018
Trade payables	$ 1,804	$ 5,962
Amounts due to related parties (Note 7)	-	12,263
Accrued liabilities	20,000	15,634
Total trade payables and accrued liabilities	$ 21,804	$ 33,859

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

6. Share capital and reserves

Authorized share capital
An unlimited number of common shares without par value.

Issued share capital
At July 31, 2019, there were 25,372,544 (July 31, 2018 – 16,034,342) issued and fully paid common shares.

6. Share capital and reserves (cont'd)

Issued share capital (cont'd)

On November 6, 2018, the Company completed a non-brokered private placement financing issuing 485,434 units at a price of $1.15 per unit for gross proceeds of $558,249. Each unit consisted of one common share and one half of one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.25 for a period of 24 months from the date of issuance.

On September 7, 2018, the Company completed a non-brokered private placement financing issuing 3,762,750 units at a price of $0.40 per unit for gross proceeds of $1,505,100. Each unit consisted of one common share and one half of one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of $0.60 for a period of 12 months from the date of issuance. Finders' fees of $35,430, and 88,575 finders' warrants, exercisable at $0.60 per common share for a period of 12 months from the date of issuance with a fair value of $31,615, were paid in connection with the private placement. The fair value of the finders' warrants was determined using the Black Scholes Option Pricing Model with the following assumptions: risk free rate of 2.00%, volatility of 60.91%, and expected life of 1 year.

During the year ended July 31, 2019, 5,090,018 warrants were exercised for gross proceeds of $580,777.

On July 13, 2018, the Company issued 2,050,000 common shares with a fair value of $1,025,000 in connection with the acquisition of Greenhat (Note 4).

On December 1, 2017, the Company issued a total of 1,574,250 common shares and 787,125 share purchase warrants in connection with the conversion of 1,574,250 special warrants. Each full warrant entitles the holder to purchase one additional common share of the Company for a period of 24 months at an exercise price of $0.20 per share.

During the year ended July 31, 2018, 10,000 warrants were exercised for proceeds of $2,000.

Stock options

On June 19, 2017, the Company implemented a stock option plan (the "Plan"), enabling the Board of Directors to grant stock options to purchase common shares in the capital of the Company from time to time to eligible persons (collectively, "Optionees") in consideration of such Optionees providing services to the Company or a subsidiary of the Company. The number of stock options granted by the Company to Optionees is determined by the Board of Directors, within the guidelines established by the Plan. The stock options enable such persons to purchase common shares at a price fixed under such guidelines.

The aggregate number of shares that may be issued pursuant to options granted under the Plan, unless otherwise approved by shareholders, may not exceed that number which is equal to 10% of the issued and outstanding shares of the Company at the time of the grant and the term of any stock option will not exceed ten years.

(Expressed in Canadian Dollars)

6. Share capital and reserves (cont'd)

Stock options (cont'd)

On September 14, 2018, the Company granted 700,000 stock options to directors and officers of the Company at an exercise price of $0.90 per share, exercisable for five years (Note 7). The fair value of the options granted was $584,258 determined using the Black Scholes Option-Pricing Model with the following assumptions: risk free rate of 2.32%, volatility of 158.2%, and expected life of 5 years. The stock options fully vest in six months from date of issuance.

During the year ended July 31, 2018, the Company issued 200,000 stock options to directors and officers of the Company at an exercise price of $0.50 per share and exercisable for five years (Note 7). All options vested on January 17, 2019. The fair value of the options granted was $92,590 determined using the Black Scholes Option Pricing Model with the following assumptions: risk free rate of 2.19%, volatility of 157.49%, and expected life of 5 years.

Share-based payments of $666,239 (2018 - $10,609) were recorded in the year ended July 31, 2019, in connection with the vesting of options granted in the current and prior year.

The following table summarizes information about the stock option transactions for the years ended July 31, 2019 and 2018:

	Number of Options	Weighted Average Exercise Price ($)
Balance, July 31, 2017	-	-
Stock options issued	200,000	0.50
Balance, July 31, 2018	200,000	0.50
Stock options issued	700,000	0.90
Balance, July 31, 2019	900,000	0.81

Stock options outstanding at July 31, 2019 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price ($)	Expiry Date
200,000	200,000	0.50	July 9, 2023
700,000	700,000	0.90	September 14, 2023
900,000	900,000		

(Expressed in Canadian Dollars)

6. Share capital and reserves (cont'd)

Warrants

On December 1, 2017, 1,574,250 Special Warrants converted to 1,574,250 common shares and 787,125 Regular Warrants.

During the year ended July 31, 2018, 2,500 Special Warrants were cancelled and returned to treasury and 10,000 Regular Warrants were exercised for proceeds of $2,000.

The following table summarizes information about the warrant transactions for the year ended July 31, 2019 and 2018:

	Special Warrants		Warrants	
	Number of Warrants	**Weighted Average Exercise Price ($)**	**Number of Warrants**	**Weighted Average Exercise Price ($)**
Balance, July 31, 2017	1,576,750	-	4,550,045	0.10
Cancelled	(2,500)	-	-	-
Converted to shares and regular warrants	(1,574,250)	-	-	-
Issued	-	-	787,125	0.20
Exercised	-	-	(10,000)	0.20
Balance, July 31, 2018	-	-	5,327,170	0.11
Issued	-	-	2,212,668	0.67
Exercised	-	-	(5,090,018)	0.11
Expired	-	-	(237,152)	0.13
Balance, July 31, 2019	-	-	2,212,668	0.67

Warrants outstanding at July 31, 2019 are as follows:

Number of Warrants	Exercise Price ($)	Expiry Date
1,969,950	0.60	September 7, 2019
242,718	1.25	November 6, 2020
2,212,668		

Reserve

Stock option

The stock option reserve record recognized as share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

(Expressed in Canadian Dollars)

7. Related party transactions

Balances

As at July 31, 2019, $nil (July 31, 2018 - $12,263) is due to related parties and is included in trade payables and accrued liabilities (Note 5).

Transactions

During the years ended July 31, 2019 and 2018, the following amounts were incurred with directors and officers of the Company:

	July 31, 2019	July 31, 2018
Directors fees	$ 30,000	$ 15,000
Management fees paid to a company controlled by the former CFO	-	12,645
Management fees paid to a company controlled by a director	63,000	15,000
Management fees paid to the former CEO	46,164	1,860
Management fees paid to the CEO	72,000	-
Professional fees paid to a company controlled by a former CFO	-	28,381
Share-based payments former related party	124,085	-
Share-based payments	542,154	10,609
	$ 877,403	$ 83,495

8. Income tax

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

	July 31, 2019	July 31, 2018
Net loss	$ (4,330,147)	$ (341,637)
Statutory tax rate	27%	27%
Expected income tax recovery	(1,169,140)	(92,242)
Non-deductible items and other	(149,093)	(3,827)
Change in unrecognized deductible temporary differences	1,318,233	96,069
Total income tax recovery	$ -	$ -

The significant components of the Company's deferred tax asset are as follows:

	July 31, 2019	July 31, 2018
Unrecognized deferred tax asset:		
Non-capital losses	$ 1,075,049	$ 99,848
Exploration and evaluation impairment	344,328	
Share issuance costs	9,338	634
	$ 1,418,715	$ 100,482

At July 31, 2019, the Company has accumulated non-capital losses for income taxes of approximately $3,981,663 (2018: $214,881). The losses expire in 2037-2039.

9. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed as low.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to necessary levels of equity funding. Liquidity risk is assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As at July 31, 2019, there were $47,966 in US dollar denominated financial assets therefore foreign currency risk is significant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

Capital Management

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's management of capital during the year ended July 31, 2019.

9. Financial risk and capital management (cont'd)

Fair value

The Company's financial instruments consist of cash and trade payables. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments. Cash is measured at fair value using Level 1 inputs.

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

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

10. Subsequent event

A total of 1,969,950 warrants with an exercise price of $0.60 expired unexercised (Note 6).