

CLYDESDALE RESOURCES INC.

Financial Statements

Years Ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Clydesdale Resources Inc.

Opinion

We have audited the financial statements of Clydesdale Resources Inc. (the "Company"), which comprise the statements of financial position as at March 31, 2020 and 2019, and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the 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 March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 indicates that the Company has not generated any revenues and incurred a net loss of \$41,518 during the year ended March 31, 2020 and, as of that date, the Company has a working capital deficit of \$7,879 and an accumulated deficit of \$4,492,954. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 auditors' report is Henry Chow.

A handwritten signature in black ink that reads "SATURNA GROUP LLP". The signature is stylized with a large, flowing 'S' and 'G'.

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

September 14, 2020

CLYDESDALE RESOURCES INC.Statements of financial position
(Expressed in Canadian dollars)

	March 31, 2020 \$	March 31, 2019 \$
Assets		
Current assets		
Cash	19,430	66,843
Marketable securities (Note 3)	798	1,596
Amounts receivable (Note 4)	66,497	56,151
Loans receivable (Note 4)	117,000	117,000
Total assets	203,725	241,590
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	189,104	68,326
Due to related parties (Note 5)	22,500	139,625
Total liabilities	211,604	207,951
Shareholders' equity (deficit)		
Share capital	3,763,592	3,763,592
Share-based payment reserve	721,483	721,483
Deficit	(4,492,954)	(4,451,436)
Total shareholders' equity (deficit)	(7,879)	33,639
Total liabilities and shareholders' equity (deficit)	203,725	241,590

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance by the Board of Directors on September 14, 2020:

/s/ "Robert Nordin"

Robert Nordin, Director

/s/ "Chris Cherry"

Chris Cherry, Director

(The accompanying notes are an integral part of these financial statements)

CLYDESDALE RESOURCES INC.

Statements of operations and comprehensive loss
(Expressed in Canadian dollars)

	Year ended March 31, 2020 \$	Year ended March 31, 2019 \$
Expenses		
Management fees (Note 5)	22,500	—
Office and miscellaneous	9,795	11,703
Professional fees (Note 5)	20,157	35,727
Total expenses	52,452	47,430
Loss before other income (expense)	(52,452)	(47,430)
Other income (expense)		
Interest income (Note 4)	11,732	11,935
Unrealized loss on marketable securities (Note 3)	(798)	(798)
Total other income (expense)	10,934	11,137
Net loss for the year	(41,518)	(36,293)
Loss per share, basic and diluted	—	—
Weighted average number of shares outstanding	34,283,475	34,283,475

(The accompanying notes are an integral part of these financial statements)

CLYDESDALE RESOURCES INC.

Statements of changes in equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Accumulated other comprehensive income	Deficit	Total shareholders' equity (deficit)
	Number of shares	Amount \$	\$	\$	\$	\$
Balance, March 31, 2018	34,283,475	3,763,592	721,483	304	(4,415,447)	69,932
Transfer of unrealized gain on marketable securities upon adoption of IFRS 9	—	—	—	(304)	304	—
Net loss for the year	—	—	—	—	(36,293)	(36,293)
Balance, March 31, 2019	34,283,475	3,763,592	721,483	—	(4,451,436)	33,639
Net loss for the year	—	—	—	—	(41,518)	(41,518)
Balance, March 31, 2020	34,283,475	3,763,592	721,483	—	(4,492,954)	(7,879)

(The accompanying notes are an integral part of these financial statements)

CLYDESDALE RESOURCES INC.

Statements of cash flows

(Expressed in Canadian dollars)

	Year ended March 31, 2020 \$	Year ended March 31, 2019 \$
Operating activities		
Net loss for the year	(41,518)	(36,293)
Items not involving cash:		
Unrealized loss on marketable securities	798	798
Changes in non-cash operating working capital:		
Amounts receivable	(10,346)	(12,197)
Accounts payable and accrued liabilities	120,778	16,702
Due to related parties	(117,125)	31,500
Net cash provided by (used in) operating activities	(47,413)	510
Change in cash	(47,413)	510
Cash, beginning of year	66,843	66,333
Cash, end of year	19,430	66,843

(The accompanying notes are an integral part of these financial statements)

CLYDESDALE RESOURCES INC.

Notes to the financial statements

Years ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Clydesdale Resources Inc. (the "Company") was incorporated under the laws of the Province of British Columbia. The Company is in the exploration stage and is in the process of identifying potential mineral properties for acquisition. The Company's registered office is located at Suite 1008, 409 Granville Street, Vancouver, BC, V6C 1T2.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company is not currently determinable, but management continues to monitor the situation.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended March 31, 2020, the Company has not generated any revenues from operations and incurred a net loss of \$41,518. As at March 31, 2020, the Company has a working capital deficit of \$7,879 and an accumulated deficit of \$4,492,954. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance and Basis of Presentation

These financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, 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 estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the collectability of amounts receivable and loans receivable and unrecognized deferred income tax assets.

Significant areas of judgment made by the Company include the assessment of whether the going concern assumption is appropriate, which requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

CLYDESDALE RESOURCES INC.

Notes to the financial statements

Years ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(c) Application of New IFRS

IFRS 16, Leases

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize, on the statement of financial position, a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, there was no material impact on the Company's financial statements.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(e) Marketable Securities

The Company reports investments in marketable equity securities at fair value based on quoted market prices. All investment securities are designated as fair value through profit or loss with unrealized gains and losses included in the statement of operations. Realized gains and losses are accounted for on the specific identification method and are recorded in the statement of operations.

(f) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures 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 charged to operations.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability, and (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.

Mineral Property Options

The Company does not record any expenditures made by the optionee in its accounts. It also does not recognize any gain or loss on its exploration and evaluation option arrangements but re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the optionee is credited against costs previously capitalized.

CLYDESDALE RESOURCES INC.

Notes to the financial statements

Years ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Reclamation and Remediation Provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arise from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates. Discount rates using a pre-tax rate that reflects the time value of money and risks specific to the liability are used to calculate the net present value. These costs are charged to the statement of operations over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in the statement of operations.

(h) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

(j) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash	Amortized cost
Amounts receivable	Amortized cost
Marketable securities	FVTPL
Loan receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

CLYDESDALE RESOURCES INC.

Notes to the financial statements

Years ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(j) Financial Instruments (continued)

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(k) Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

CLYDESDALE RESOURCES INC.

Notes to the financial statements

Years ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(k) Financial Liabilities and Equity Instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(l) 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. 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 the statement of operations. 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 income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(m) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

CLYDESDALE RESOURCES INC.

Notes to the financial statements

Years ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(n) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(o) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2020, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Marketable Securities

As at March 31, 2020, the Company held 39,900 (2019 – 39,900) common shares of King Global Ventures Inc. (formerly Rosita Mining Corp.) ("King"), a publicly traded company, with a fair value of \$798 (2019 - \$1,596).

	2019 Fair Value \$	Additions \$	Disposals \$	Unrealized Gain (Loss) \$	2020 Fair Value \$
King Global Ventures Inc.	1,596	–	–	(798)	798

	2018 Fair Value \$	Additions \$	Disposals \$	Unrealized Gain (Loss) \$	2019 Fair Value \$
King Global Ventures Inc.	2,394	–	–	(798)	1,596

4. Loans Receivable

As at March 31, 2020, the Company was owed \$117,000 (2019 - \$117,000) from AIML Resources Inc. (formerly Firebird Resources Inc.) ("AIML"), a publicly traded company on the TSX Venture Exchange. The loan is unsecured, bears interest at 10% per annum, and is due on demand. As at March 31, 2020, accrued interest of \$65,199 (2019 - \$53,467) is recorded in amounts receivable.

During the year ended March 31, 2020, the Company recorded \$11,732 (2019 - \$11,935) in interest income.

CLYDESDALE RESOURCES INC.

Notes to the financial statements

Years ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

5. Related Party Transactions

- (a) As at March 31, 2020, the amount of \$nil (2019 - \$139,625) was owed to the former Chief Financial Officer of the Company, which is non-interest bearing, unsecured, and due on demand. During the year ended March 31, 2020, the Company incurred professional fees of \$7,500 (2019 - \$30,000) to the former Chief Financial Officer of the Company.
- (b) As at March 31, 2020, the amount of \$22,500 (2019 - \$nil) was owed to the Chief Executive Officer of the Company, which is non-interest bearing, unsecured, and due on demand. During the year ended March 31, 2020, the Company incurred management fees of \$22,500 (2019 - \$nil) to the Chief Executive Officer of the Company.

6. Share Capital

Authorized: Unlimited common shares without par value

7. Stock Options

The Company has established a stock option plan pursuant to the policies of the TSX Venture Exchange ("TSX-V") whereby the Company may grant directors, officers, employees, and consultants non-transferable options to purchase common shares of the Company for a period of five years from the date of the grant. The total number of share purchase options to be granted and outstanding may not exceed 10% of the total issued and outstanding common shares at the date of the grant. The exercise price may not be less than the discounted market price as defined by TSX-V policy. As at March 31, 2020 and 2019, the Company had no stock options outstanding.

8. Financial Instruments and Risk Management

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at March 31, 2020 as follows:

	Fair Value Measurements Using			Balance, March 31, 2020
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$	\$	\$	\$
Marketable securities	798	—	—	798

The fair values of other financial instruments, which include cash, amounts receivable, loans receivable, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, amounts receivable, and loans receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST refunds which are due from the Government of Canada and interest receivable due from loans receivable. Loans receivable consists of advances to a third-party public company. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

CLYDESDALE RESOURCES INC.

Notes to the financial statements

Years ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

8. Financial Instruments and Risk Management (continued)

(d) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the previous year ended March 31, 2019.

10. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2020 \$	2019 \$
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(11,210)	(9,799)
Tax effect of:		
Permanent differences and other	—	82
True up of prior year differences	(1,711)	—
Change in unrecognized deferred income tax assets	12,921	9,717
Income tax provision	—	—

The significant components of deferred income tax assets and liabilities are as follows:

	2020 \$	2019 \$
Deferred income tax assets		
Non-capital losses carried forward	491,684	464,603
Marketable securities	349	133
Resource properties	65,449	79,825
Total gross deferred income tax assets	557,482	544,561
Unrecognized deferred income tax assets	(557,482)	(544,561)
Net deferred income tax asset	—	—

CLYDESDALE RESOURCES INC.

Notes to the financial statements

Years ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

10. Income Taxes (continued)

As at March 31, 2020, the Company has available mineral resource related expenditure pools totalling \$242,401 and non-capital losses carried forward of \$1,821,052 which are available to offset future years' taxable income. The non-capital losses expire as follows:

	\$
2026	246,395
2027	95,779
2028	118,081
2029	118,614
2030	133,667
2031	140,922
2032	140,414
2033	109,861
2034	99,303
2035	73,023
2036	103,496
2037	276,101
2038	57,093
2039	53,415
2040	54,888
	1,821,052