

BAROLO VENTURES CORP.

Financial Statements
(Expressed in Canadian Dollars)

For the years ended May 31, 2020 and 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Barolo Ventures Corp.

Opinion

We have audited the accompanying financial statements of Barolo Ventures Corp. (the "Company"), which comprise the statements of financial position as at May 31, 2020 and 2019, and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity (deficiency) for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company has a history of losses and anticipates further losses in its search for and evaluation of new business opportunities. As at May 31, 2020, the Company has an accumulated deficit of \$11,033,062. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

September 22, 2020

BAROLO VENTURES CORP.
Statements of Financial Position
(Expressed in Canadian dollars)
As at May 31

	2020	2019 (Note 1)
Assets		
Current assets		
Cash	\$ 61,435	\$ 162,715
Receivables (Note 3)	1,067	14,973
	\$ 62,502	\$ 177,688
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 40,246	\$ 44,992
Shareholders' equity		
Share capital (Note 6)	9,058,020	9,058,020
Contributed surplus (Note 6)	1,997,298	1,997,298
Deficit	(11,033,062)	(10,922,622)
	22,256	132,696
	\$ 62,502	\$ 177,688

Nature of operations and going concern (Note 1)

Approved on September 22, 2020 on behalf of the Board:

"Scott Ackerman"
Scott Ackerman – Director

"Rick Cox"
Rick Cox – Director

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

BAROLO VENTURES CORP.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

For the years ended May 31

	2020	2019 (Note 1)
EXPENSES		
Audit and accounting	\$ 79,464	\$ 75,150
Administration and bank charges	131	816
Consulting fees	-	1,000
Interest and penalties	-	15,968
Legal	6,802	18,874
Rent	12,000	10,000
Share-based payments (Note 6)	-	304,930
Transfer agent and filing fees	12,043	37,056
Travel	-	2,201
Write-off of exploration and evaluation assets (Note 4)	-	1
TOTAL OPERATING EXPENSES	(110,440)	(465,996)
Foreign exchange loss	-	(1,606)
Recovery of accounts payable and accrued liabilities	-	81,349
Loss on dissolution of subsidiaries (Note 9)	-	(544,892)
	-	(465,149)
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	\$ (110,440)	\$ (931,145)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.01)	\$ (0.09)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING¹		
(Basic and Diluted)	14,004,287	9,927,575
Loss and comprehensive loss attributable to:		
Shareholders of the Company	\$ (110,440)	\$ (2,010,993)
Non-controlling interests	-	1,079,848
	\$ (110,440)	\$ (931,145)

¹ Per share information has been retroactively adjusted to reflect the September 20, 2018 1.75 old for 1 new common share consolidation.

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

BAROLO VENTURES CORP.
Statements of Cash Flows
(Expressed in Canadian dollars)
For the years ended May 31

	2020	2019 (Note 1)
Cash flows from operating activities:		
Net loss for the year	\$ (110,440)	\$ (931,145)
Items not involving cash:		
Share-based payments	-	304,930
Foreign exchange loss	-	1,606
Write-off of exploration and evaluation assets	-	1
Recovery of accounts payable and accrued liabilities	-	(81,349)
Loss on dissolution of subsidiaries	-	544,892
Change in non-cash operating working capital:		
Receivables	13,906	(8,257)
Accounts payable and accrued liabilities	(4,746)	(268,080)
Net cash used in operating activities	(101,280)	(437,402)
Cash flows from financing activities:		
Proceeds received on the issuance of common shares	-	600,000
Net cash provided by financing activities	-	600,000
Change in cash for the year	(101,280)	162,598
Cash, beginning of the year	162,715	117
Cash, end of the year	\$ 61,435	\$ 162,715
Supplementary information with respect to cash flows:		
Income taxes paid	\$ -	\$ -
Interest paid	\$ 968	\$ -

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

BAROLO VENTURES CORP.Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars)

	Number of Common Shares ¹	Share Capital	Contributed Surplus	Deficit	Non-Controlling Interests	Shareholders' Equity (Deficiency)
Balance, May 31, 2018	2,004,287	\$ 8,458,020	\$ 1,692,368	\$ (8,911,629)	\$ (1,624,740)	\$ (385,981)
Private placement	12,000,000	600,000	-	-	-	600,000
Share-based payments	-	-	304,930	-	-	304,930
Loss for the year	-	-	-	(931,145)	-	(931,145)
Non-controlling interests	-	-	-	(1,079,848)	1,079,848	-
Dissolution of subsidiaries	-	-	-	-	544,892	544,892
Balance, May 31, 2019	14,004,287	\$ 9,058,020	\$ 1,997,298	\$ (10,922,622)	\$ -	\$ 132,696
Balance, May 31, 2019	14,004,287	\$ 9,058,020	\$ 1,997,298	\$ (10,922,622)	\$ -	\$ 132,696
Loss for the year	-	-	-	(110,440)	-	(110,440)
Balance, May 31, 2020	14,004,287	\$ 9,058,020	\$ 1,997,298	\$ (11,033,062)	\$ -	\$ 22,256

¹ Per share information has been retroactively adjusted to reflect the September 20, 2018 1.75 old for 1 new common share consolidation.

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

1. Nature of Operations and Going Concern

Barolo Ventures Corp. (the "Company") was incorporated on June 13, 2006 and is a public company whose shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "BVC.H". The Company's stock had been cease-traded since October 4, 2016 for failure to file certain financial statements. The Company has brought its financial reporting obligations up-to-date, and on August 3, 2018 the British Columbia Securities Commission issued a full revocation of the cease trade order. The Company was previously engaged in the acquisition, exploration and development of mineral properties in Canada and the United States, but currently does not have an active business, and is investigating new business opportunities. The registered and records office of the Company is 2200 - 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3E8 and the principal place of business is 1600 - 609 Granville Street, Vancouver, British Columbia, Canada V7Y 1C3.

On September 20, 2018, the Company changed its name from North American Potash Developments Inc. to Barolo Ventures Corp. and consolidated its common shares on a 1.75 old for 1 new basis (all share and per share amounts in these financial statements reflect the share consolidation).

During the year ended May 31, 2019, management decided to dissolve the Company's three US subsidiaries (BUA USA LLC, Potash Green LLC, and Potash Green Utah LLC). The majority of the assets and liabilities in these companies were intercompany loans, advances and investments that have now been written off. As such, there was no significant impact on the Company's financial statements aside from the loss on dissolution of the subsidiaries of \$544,892 resulting from the derecognition of the Company's non-controlling interests. All comparative figures in these financial statements include the accounts of the Company and the now dissolved subsidiaries.

Going Concern

These financial statements are prepared on the basis that the Company will continue as a going concern. The Company has a history of losses and anticipates further losses in its search for and evaluation of new business opportunities. As at May 31, 2020, the Company has an accumulated deficit of \$11,033,062 and working capital of \$22,256. Management believes that the Company likely has insufficient liquidity to meet its operational requirements for the next fiscal year; and therefore, the Company remains dependent upon the financial support of its shareholders.

The future success of the Company is dependent on settlement of its liabilities, the identification and successful negotiation/acquisition of a sustainable/viable business operation together with the ability to finance the necessary funding, at agreeable terms, to support a business or asset acquisition. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation. Management recognizes that the Company will need to generate additional financial resources in order to meet its planned business objectives. Future funding may be obtained by means of issuing share capital and/or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern.

All of the preceding indicates the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

1. Nature of Operations and Going Concern (continued)

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. Significant Accounting Policies

(a) Statement of Compliance

These 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").

The policies applied in these financial statements are based on IFRS effective for the year ended May 31, 2020. The Board of Directors authorized these financial statements for issue on September 22, 2020.

(b) Basis of Measurement

These financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value and have been prepared using the accrual basis of accounting except for cash flow information.

(c) Critical Accounting Estimates, Judgments and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors including other sources that are believed to be reasonable under the circumstances but are not necessarily readily apparent or recognizable at the time such estimate or assumption is made. Actual results may differ from these estimates.

Estimates and underlying assumptions used in determining asset and liability values are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The information about significant areas of estimation uncertainty considered by management in preparing the financial statements is as follows:

(i) Income taxes

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

2. Significant Accounting Policies (continued)

(c) Critical Accounting Estimates, Judgments and Assumptions (continued)

The information about significant areas of judgment considered by management in preparing the financial statements is as follows:

(i) Going concern

The assessment of the Company's ability to continue as a going concern as discussed in Note 1 involves judgment regarding future funding available for its operations and working capital requirements.

(ii) Determination of functional currency

The functional and reporting currency of the Company and its now dissolved subsidiaries is the Canadian Dollar ("CAD"). The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. The determination of functional currency involves certain judgments to determine the primary economic environment of the Company. The Company reconsiders the functional currency if there are changes in events and conditions of the factors used in the determination of the primary economic environment.

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.

(d) Functional and Presentation Currency

The Company and its now dissolved subsidiaries' functional currency is the CAD. The financial statements are presented in CAD which is the Company's presentation currency, unless otherwise noted.

(e) Cash

Cash includes cash on hand and demand deposits.

(f) Exploration and Evaluation Assets

Exploration and evaluation asset expenditures are capitalized once the legal right to explore a property has been acquired. Exploration and evaluation assets are recorded at cost less accumulated impairment losses. Direct costs related to the acquisition and exploration and evaluation of exploration and evaluation assets are capitalized until the commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. To the extent that the expenditures are spent to establish ore reserves within the rights to explore, the Company will consider those costs as intangible assets in nature. The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the intangible asset.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation asset expenditures incurred are deemed to be impaired. As a result, those exploration and expenditure asset costs, in excess of estimated recoveries, are written off to profit or loss.

Management reviews the facts and circumstances to determine if the carrying amount of the exploration and evaluation assets exceeds their recoverable amount on a regular basis. If the facts and circumstances suggest the carrying value exceeds the recoverable amount, the Company will perform an impairment test on the property.

Exploration stage assets and development stage assets are considered separate cash generating units ("CGU") for impairment testing purposes.

2. Significant Accounting Policies (continued)

(f) Exploration and Evaluation Assets (continued)

The amount shown for exploration and evaluation assets does not necessarily represent present or future values. Recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Option agreement payments including the fair value of the common shares received by the Company from third parties to the Company are credited to the cumulative and capitalized cost of the related mineral property. If the received amount exceeds the capitalized cost of the related property, the excess is recognized as income in the year received.

(g) Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount which is the higher of its fair value less costs to sell and its value-in-use. For the purpose of estimating recoverable amounts, the impairment test is carried out on the asset's CGU, which is the lowest level for which there are separately identifiable cash flows. A CGU may include certain aggregated exploration and evaluation assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount with the impairment loss recognized in profit or loss.

A previously recognized impairment loss is reversed when there has been a change in the assumptions used to determine the asset's recoverable amount when the impairment loss was initially recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been recognized, net of depletion, depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Any reversal of previously recognized impairment losses is recognized in profit or loss.

(h) Financial Instrument Measurement and Valuation

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 assets or liabilities either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The measurement of the Company's financial instruments is disclosed in Note 7 to these financial statements.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) 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.

The Company's accounting policy for each of the categories is as follows:

2. Significant Accounting Policies (continued)

(h) Financial Instrument Measurement and Valuation (continued)

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

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

(i) Financial Liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

(j) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provision related to asset retirement obligation, dismantling, decommissioning and site disturbance remediation is made for the estimated cost and capitalized in the relevant asset category. Such provision is measured at the present value of management's best estimate of expenditure required to settle the present obligation at the statement of financial position date. Subsequent to the initial measurement, the obligation is adjusted at the end of each reporting period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs in profit or loss whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the obligation are charged against the provision to the extent the provision is established.

2. Significant Accounting Policies (continued)

(j) Provisions (continued)

Other Provisions:

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. The Company had no provisions as at May 31, 2020 or May 31, 2019.

(k) Foreign Currency Translation

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the reporting period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are reflected in profit or loss.

(l) Income Taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially 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 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 and 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 substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, 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.

(m) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options and share purchase warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

The Company has adopted the 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

2. Significant Accounting Policies (continued)

(m) Share Capital (continued)

fair value and then the residual value, if any, to the less easily measurable component. 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 price on the measurement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

(n) Share-based Payments

The cost of incentive share options and other equity-settled share-based compensation and payment arrangements is recorded based on the estimated fair-value at the grant date and charged to earnings over the vesting period. Where incentive share options are subject to vesting, each vesting tranche is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by a charge to earnings, with a corresponding increase to contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

(o) Loss per Share

Basic loss per share is computed by dividing the 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 exercises were used to acquire common stock at the average market price during the reporting periods.

(p) Adoption of New Accounting Standards

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended May 31, 2019, except for the adoption, on June 1, 2019, of IFRS 16, Leases ("IFRS 16"), and IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23"), which have an initial application as at this date.

IFRS 16

New standard that replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosures of leases; effective for annual periods beginning on or after January 1, 2019. The adoption of this standard did not have an impact on its financial statements as the Company currently has no leases.

IFRIC 23

New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019, with early adoption permitted. During the year ended May 31, 2019, the Company dissolved all of its subsidiaries. These subsidiaries have been removed from their respective corporate registries. As a result, the Company has determined that any penalties resulting from failure to file tax returns for these subsidiaries would be minimal and would not have a significant impact on its financial statements.

3. Receivables

	May 31, 2020	May 31, 2019
GST receivable	\$ 1,067	\$ 14,973

4. Exploration and Evaluation Assets

Hornby Basin Property – Northwest Territories, Canada

By option agreement dated July 1, 2006 and the amended agreement dated June 30, 2007, the Company acquired an undivided 100% right, title and interest in four mineral claims located in the Great Bear Lake area of the Northwest Territories known as the Hornby Basin Property ("HB Claims").

As at May 31, 2011, the Company had spent the required expenditure up to October 2014 and continued to evaluate the timing of further exploration work on the HB claims. The Company did not conduct any further work on the property during the year ended May 31, 2012 and had no plans to continue exploration. As such, during the fiscal year ended May 31, 2012, the property was written down by \$268,999 to a nominal value of \$1. As the Company did not spend the minimum required amounts to maintain its claims on this property and had no plans to do so, the claims lapsed, and the property was written off during the year ended May 31, 2019.

5. Related Party Transactions

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

As of May 31, 2020, \$nil was due to related parties (May 31, 2019 - \$nil).

During the year ended May 31, 2020, \$nil (2019 - \$243,945) was recorded as compensation costs for key management personnel, relating entirely to share-based payments.

6. Share Capital and Contributed Surplus

(a) Authorized

Unlimited number of common shares without par value.

(b) Share capital issued and outstanding

On September 20, 2018, the Company consolidated its common shares on a 1.75 old for 1 new basis (all share and per share amounts in these financial statements reflect the share consolidation).

6. Share Capital and Contributed Surplus (continued)

(b) Share capital issued and outstanding (continued)

On October 2, 2018, the non-brokered private placement proceeds of \$600,000 from the August 22, 2018 financing of 12,000,000 subscription receipts of the Company at a price of \$0.05 per subscription receipt were released to the Company, and each subscription receipt automatically converted into one unit of the Company (each, a "Unit") for no additional consideration. Each Unit consists of one post-consolidated common share and one share purchase warrant, with each share purchase warrant entitling the holder to acquire one additional post-consolidated common share at a price of \$0.07 per share until October 2, 2019.

As at May 31, 2020, 14,004,287 common shares are issued and outstanding (2019 – 14,004,287).

(c) Stock Options

The Company has established a stock option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants to a maximum of 10% of the Company's issued and outstanding common shares. These options may be granted for a maximum term of ten years from the date of grant and vest as determined by the board of directors.

On December 3, 2018 the Company granted 1,400,000 incentive stock options to directors, officers and a consultant of the Company. The options have an exercise price of \$0.25, expire in five years, and vest immediately.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, as at May 31, 2018	-	\$ -
Granted	1,400,000	\$0.25
Balance, as at May 31, 2019 and 2020	1,400,000	\$0.25

As at May 31, 2020, stock options outstanding and exercisable are as follows:

Grant Date	Number of Options Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining Contractual Life (Years)
December 3, 2018	1,400,000	\$0.25	December 3, 2023	3.51
Total	1,400,000	\$0.25		3.51

The fair value of the options granted during the year ended May 31, 2019 was determined to be \$304,930 using the Black-Scholes option pricing model under the following assumptions: risk-free interest rate - 2.07%; expected life - 5 years; expected volatility - 135% and expected dividends - nil.

6. Share Capital and Contributed Surplus (continued)

(d) Warrants

On October 2, 2018, as part of a non-brokered private placement, the Company issued 12,000,000 share purchase warrants, with each warrant entitling the holder to acquire one post-consolidated common share at a price of \$0.07 per share until October 2, 2019. These warrants had a \$nil value based on the residual value method.

A summary of the Company's warrant activity is as follows:

	Number of Warrants		Weighted Average Exercise Price	Expiry Date
Balance, as at May 31, 2018	-	\$	-	
Issued	12,000,000		0.07	October 2, 2019
Balance, as at May 31, 2019	12,000,000	\$	0.07	October 2, 2019
Expired	(12,000,000)	\$	0.07	October 2, 2019
Balance, as at May 31, 2020	-	\$	-	

7. Financial Instruments

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. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market Risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

(i) Currency risk

The Company's functional currency is the CAD. Foreign currency risk is the risk that the value of the Company's financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates.

The Company believes it is not subject to significant currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in short-term deposit certificates issued by its banking institution. Due to the short-term nature of these financial instruments, fluctuations in interest rates do not have a significant impact on their fair values as at May 31, 2020 and 2019.

7. Financial Instruments (continued)

Market Risk (continued)

(iii) Price rate risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Credit Risk

Credit risk is the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company is exposed to credit risk with respect to its cash position and receivables. The Company's cash is held in a major Canadian financial institution which is considered to have high creditability. The Company's receivable is from a government agency thus the collection is considered assured. The Company believes it has no significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet its obligations. The Company's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities when due. As at May 31, 2020, the Company had a cash balance of \$61,435 (May 31, 2019 - \$162,715) to settle liabilities of \$40,246 (May 31, 2019 - \$44,992). As such, management believes that the Company likely has insufficient liquidity to meet its operational requirements for the next fiscal year; and therefore, the Company remains dependent upon the financial support of its shareholders. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Additionally, the Company likely has insufficient funds from which to finance any identified business acquisition and as such will require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital and/or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern.

Consequently, the Company is exposed to liquidity risk as at May 31, 2020.

Fair Value

As at May 31, 2020 and May 31, 2019, the Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. Cash and receivables are classified as amortized cost. Accounts payable and accrued liabilities are classified as amortized cost. The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.

8. Capital Management

The Company defines capital as consisting of shareholders' equity (comprised of issued share capital, contributed surplus, and deficit). The Company's objectives when managing capital are to support the identification and acquisition of a new business opportunity and thus the creation of shareholder value as well as to ensure that the Company is able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at May 31, 2020, the Company does not have any long-term debt outstanding and is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the year ended May 31, 2020.

9. Non-Controlling Interest

The Company owned 70% of the common shares of Potash Green LLC and 70% of the common shares of Potash Green Utah LLC. Set-out below is the summarized financial information for each subsidiary. The amounts disclosed for Potash Green LLC and Potash Green Utah LLC are based on those included in the prior year consolidated financial statements before intercompany eliminations.

During the year ended May 31, 2019, management decided to dissolve the Company's US subsidiaries. The majority of the assets and liabilities in these companies were intercompany loans, advances and investments that have now been written off. As such, there was no significant impact on the Company's financial statements aside from the loss on dissolution of the subsidiaries of \$544,892 resulting from the derecognition of the Company's non-controlling interests.

	Year Ended May 31, 2020		Year Ended May 31, 2019	
	Potash Green LLC	Potash Green Utah LLC	Potash Green LLC	Potash Green Utah LLC
	\$	\$	\$	\$
Net and Comprehensive income (loss) for the year	-	-	(1,963,642)	5,563,136
Comprehensive income (loss) attributable to non-controlling interest	-	-	(589,093)	1,668,941

10. Income Taxes

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

	2020 \$	2019 \$
Loss for the year before income taxes	(110,440)	(931,145)
Expected income tax (recovery)	(30,000)	(251,000)
Change in statutory, foreign tax, foreign exchange rates and other	2,000	(28,000)
Permanent difference	-	699,000
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(556,000)	(33,000)
Change in unrecognized deductible temporary differences	584,000	(387,000)
Total income tax expense	-	-

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	2020 \$	2019 \$
Deferred tax assets (liabilities)		
Exploration and evaluation assets	280,000	280,000
Allowable capital losses	819,000	818,000
Non-capital losses available for future period	838,000	255,000
	1,937,000	1,353,000
Unrecognized deferred tax assets	(1,937,000)	(1,353,000)
Net deferred tax assets	-	-

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

	2020	Expiry Date Range	2019	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$1,036,000	No expiry date	\$1,038,000	No expiry date
Allowable capital losses	3,033,000	No expiry date	3,028,000	No expiry date
Non-capital losses available for future periods	3,105,000	2035 to 2039	944,000	2034 to 2038

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