Gelum Capital Ltd.
Financial Statements
For the Years ended April 30, 2020 and 2019
(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Gelum Capital Ltd.

Opinion

We have audited the accompanying financial statements of Gelum Capital Ltd. (the “Company”), which comprise the statements of financial position as at April 30, 2020, and the statements of loss and comprehensive loss, cash flows and changes in deficiency for the year 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 April 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit 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 incurred a comprehensive loss of $158,813 during the year ended April 30, 2020 and, as of that date, had a working capital deficiency of $510,980. 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 Matters

The consolidated financial statements of Gelum Capital Ltd. for the year ended April 30, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on August 28, 2019.

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 Stephen Hawkshaw.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

September 2, 2020

Gelum Capital Ltd.

Statements of Financial Position

(Expressed in Canadian dollars)

	Notes	**As at 30 April 2020**	As at 30 April 2019
		$	$
ASSETS			
Current assets			
Cash	4	**9,288**	84,174
Amounts receivable	5	**6,773**	3,307
Total assets		**16,061**	87,481
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables		**48,548**	44,611
Due to related parties	11	**478,493**	436,657
Total current liabilities		**527,041**	481,268
Non-current liabilities			
Convertible note	6, 11	**215,582**	173,962
Total non-current liabilities		**215,582**	173,962
Total liabilities		**742,623**	655,230
Deficiency			
Common shares	7	**7,245,232**	7,245,232
Shares to be issued	11	**29,200**	29,200
Reserves	7	**5,588,580**	5,588,580
Equity portion of convertible note		**75,459**	75,459
Deficit		**(13,665,033)**	(13,506,220)
Total deficiency		**(726,562)**	(567,749)
Total liabilities and deficiency		**16,061**	87,481

Corporate Information and Going Concern (Note 1)

APPROVED BY THE BOARD:

"Robert Kopple"	*"Hendrik Van Alphen"*
Director	Director

Gelum Capital Ltd.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Notes	Years ended 30 April 2020	2019
		$	$
Operating Expenses			
General & administrative		**(81,394)**	(90,704)
Business development		**(1,947)**	(2,069)
Total operating expenses		**(83,341)**	(92,773)
Foreign exchange		**(33,852)**	1,733
Interest expense	6	**(20,055)**	(20,000)
Accretion expense	6	**(21,565)**	(16,457)
Gain on recovery of loan receivable	13	**-**	126,004
Loss and comprehensive loss for the year		**(158,813)**	(1,493)
Loss per share – basic and diluted	8	**(0.03)**	(0.00)

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

Gelum Capital Ltd.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Notes	Years ended 30 April 2019	2018
		$	$
OPERATING ACTIVITIES			
Loss for the year		(158,813)	(1,493)
Adjustments to reconcile loss to cash provided (used in) operating activities:			
Accretion expense	6	21,565	16,457
Accrued interest on convertible loan	6	20,055	20,000
Unrealized foreign exchange loss		32,720	-
Recovery of loan receivable	13	-	(126,004)
Changes in non-cash working capital:			
Due to related parties		9,116	19,191
Amounts receivable	5	(3,466)	(2,551)
Trade and other payables		3,937	6,132
Cash used in operating activities		**(74,886)**	(68,268)
FINANCING ACTIVITIES			
Recovery of loan to subsidiary		**-**	151,004
Cash provided by financing activities		**-**	151,004
(Decrease) increase in cash		**(74,886)**	82,736
Cash, beginning of year		**84,174**	1,438
Cash, end of year		**9,288**	84,174

There were no noncash investing and financing activities for the years ended April 30, 2020 and 2019.

Cash paid for interest	-	-
Cash paid for taxes	-	-

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

Gelum Capital Ltd.
Statements of Changes in Deficiency
(Expressed in Canadian dollars)

	Number of shares	Common shares: Common shares	Common shares: Share issuance cost	Shares to be issued	Reserves: Option reserve	Reserves: Warrant reserve	Equity portion of convertible note	Deficit	Total
		$	$	$	$	$	$	$	$
Balances, 30 April 2018	4,727,433	7,602,883	(357,651)	29,200	3,813,753	1,774,827	75,459	(13,504,727)	(566,256)
Loss for the year	-	-	-	-	-	-	-	(1,493)	(1,493)
Balances, 30 April 2019	4,727,433	7,602,883	(357,651)	29,200	3,813,753	1,774,827	75,459	(13,506,220)	(567,749)
Loss for the year	-	-	-	-	-	-	-	(158,813)	(158,813)
Balances, 30 April 2020	**4,727,433**	**7,602,883**	**(357,651)**	**29,200**	**3,813,753**	**1,774,827**	**75,459**	**(13,665,033)**	**(726,562)**

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

1. CORPORATE INFORMATION AND GOING CONCERN

Gelum Capital Ltd. (the "Company") was incorporated under the laws of the province of British Columbia on 8 June 1987. The principal address and registered and records office is located at Suite, 400 – 725 Granville Street, Vancouver, BC, V7Y 1G5. The Company trades under the symbol "JEM" on the Canadian Securities Exchange ("CSE").

The Company's principal business is the identification and evaluation of assets, or a business, and once identified or evaluated, to negotiate the acquisition or participation in the business.

Effective 30 July 2018, the Company's name was changed from Jagercor Energy Corp. to Gelum Capital Ltd. and the Company consolidated its common shares on a 20:1 basis. All references to the number of common shares and per share amounts have been retroactively restated to reflect this common share consolidation.

These financial statements present the operations of the Company. These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company's financial statements for the year ended April 30, 2020 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company has a comprehensive loss of $158,813 for the year ended April 30, 2020 and has a working capital deficiency of $510,980 at April 30, 2020.

The Company had cash of $9,288 as at April 30, 2020. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures or cease operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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. BASIS OF PREPARATION

2.1 Basis of presentation

The Company's financial statements have been prepared on the historical cost basis and are presented in Canadian dollars except where otherwise indicated.

2.2 Statement of compliance

These financial statements, including comparatives, 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"). The Board of Directors approved these financial statements on August 28, 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The Company's critical judgments in applying accounting policies include judgments regarding the going concern of the Company, which have been discussed in Note 1.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currencies

The functional currency of the Company is measured using the currency of the primary economic environment in which that entity operates. The Company determined that its functional currency is the Canadian dollar.

Foreign currency transactions are translated into 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. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

3.3 Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized 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 the stock option reserve. The fair value of options, as determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions, is expensed or capitalized, as appropriate. 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 will eventually vest.

3.4 Income Taxes

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Income Taxes (continued)

Deferred 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 the tax rates that have been enacted or substantively enacted at the reporting date.

3.5 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL"). Transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

Amortized cost

Financial assets that meet the following conditions are measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments plus the cumulative amortization, using the effective interest method applied to the difference between the initial amount and the maturity amount, adjusted for any allowance due to losses or gains. Interest income is recognized using the effective interest method.

The Company's financial assets at amortized cost include its cash, and amounts receivable.

Fair value through other comprehensive income ("FVTOCI")

Financial assets that meet the following conditions are measured at FVTOCI.

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

The Company does not have any instruments classified as financial assets at FVTOCI.

FVTPL

All other financial assets are measured at FVTPL.

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

The Company does not have any financial assets measured at FVTPL.

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized as proceeds received net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly from equity. No gain or loss is recognized, by the Company, in profit or loss on the purchase, sale, or the cancellation of its own equity instruments.

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVTPL, are measured at amortized cost using the effective interest method.

Derecognition

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full to a third party under a 'pass-through' arrangement;

- And either (a) the Company has transferred substantially all risks and rewards of the asset, or (b) the Company retains legal title but has contractually or otherwise transferred the associated economic risks and rewards.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3.6 Impairment of non-financial assets

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. See Note 11 for further disclosures.

3.8 Loss per share

The Company computes the dilutive effect of options, warrants and similar instruments by recognizing the dilutive effect on loss per share on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the years presented, this calculation proved to be anti-dilutive. Basic loss per share was calculated using the weighted-average number of shares outstanding during the year.

3.9 Convertible note

The Company classified the convertible note into debt and equity components based on the residual method. The liability component was calculated as the present value of the principal and interest, discounted at a rate approximating the interest rate that was estimated would have been applicable to non-convertible debenture at the time the debenture was issued. This portion of the convertible debenture is accreted over its term to the full face value using the effective interest rate method. The equity element of the convertible debenture comprises the value of the conversion option, being the difference between the face value of the convertible debt and the liability component. Upon maturity, the equity component is reclassified to reserves.

4. CASH

The Company's cash are denominated in the following currencies:

	As at 30 April 2020	As at 30 April 2019
	$	$
Denomintaed in US dollars	**8,408**	80,804
Denominated in Canadian dollars	**880**	3,370
Total cash	**9,288**	84,174

(Expressed in Canadian dollars)

5. AMOUNTS RECEIVABLE

The Company's amounts receivable arise from Goods and Services Tax ("GST") receivable due from the government taxation authorities in Canada as follows:

	As at 30 April 2020	As at 30 April 2019
	$	$
GST receivable	**6,773**	3,307
Total	**6,773**	3,307

6. CONVERTIBLE NOTE

On 14 October 2017, the Company issued a convertible note with a principal face value of $200,000 to two directors of the Company. The convertible note bears interest at the rate of 10% per annum, payable annually and has a maturity date of five years from the date of issuance. When the Company consolidated its share capital on a 20:1 basis effective July 30, 2018 the conversion price of the notes became $1.00 and the exercise price of any warrants issuable on conversion of the notes became $1.20.

On August 31, 2019, the Company amended the terms of the convertible note such that the principal amount of the notes was convertible into units of the Company at $0.05 per unit, with each unit comprised of one common share and one share purchase warrant exercisable into a further share at $0.06 per common share (for one year from the date of issuance of the warrant, subject to the latest exercise date being the maturity date).

The Company´s convertible note is broken down as follows:

	April 30, 2020	April 30, 2019
	$	$
Proceeds received, net of transaction costs	**195,045**	195,045
Allocated to equity portion	**(75,459)**	(75,459)
Allocated to liability portion	**119,586**	119,586
Liability portion, beginning	**173,962**	137,505
Accretion expense for the year	**21,565**	16,457
Accrued interest	**20,055**	20,000
Liability portion, ending	**215,582**	173,962

(Expressed in Canadian dollars)

7. SHARE CAPITAL

7.1 Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

At 30 April 2020, the Company had 4,727,433 common shares outstanding (2019 –4,727,433).

7.2 Shares issuances

During the years ended April 30, 2020 and 2019, the Company did not issue any common shares.

7.3 Stock options

On December 19, 2016, the Company adopted a formal Stock Option Plan (the "Option Plan"). Under the Option Plan, the exercise price of each option must not be less than the greater of the closing market price of the underlying securities on (a) the trading day prior to the date of grant and (b) the date of the grant of the stock options. The options can be granted for a maximum term of five years. The maximum number of options that can be issued may not exceed 10% of the issued and outstanding common share capital. The options vest at the discretion of the Board of directors. The terms of the existing stock options remain in accordance with the stock option plan in place at the time the options were granted.

The following is a summary of the changes in the Company's stock options for the years ended April 30, 2020 and 2019:

	April 30, 2020		April 30, 2019	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Outstanding, beginning of year	250,000	1.00	267,500	1.03
Expired	-	-	(17,500)	1.40
Outstanding, end of year	**250,000**	**1.00**	250,000	1.00

The Company uses the Black-Scholes Option Pricing Model to estimate the value of the options granted.

(Expressed in Canadian dollars)

7. SHARED CAPITAL

7.3 Stock options (continued)

The following table summarizes information regarding stock options outstanding and exercisable as at April 30, 2020:

Grant date	Expiry date	Number of options outstanding	Number of options exercisable	Exercise price $	Remaining contractual life (years)
June 9, 2017	June 9, 2022	250,000	250,000	1.00	2.11
Total Options		**250,000**	**250,000**		

8. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	Year ended 30 April 2020	2019
Net loss for the year	**$ (158,813)**	$ (1,493)
Weighted average number of shares – basic and diluted	**4,727,433**	4,727,433
Loss per share, basic and diluted	**$ (0.03)**	$ (0.00)

9. CAPITAL RISK MANAGEMENT

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital and deficit. The Company's objectives when managing capital are to: (i) preserve capital and (ii) obtain the best available net return.

The Company manages the capital structure and makes adjustments to it in light of changes in economic condition. To maintain or adjust the capital structure, the Company may attempt to issue new shares or issue new debt.

The Company is listed on the CSE. The Company is not subject to externally imposed capital requirements. Management plans to continue to evaluate and explore commercial opportunities.

(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS

10.1 Fair Value

The fair value of the Company's cash, amounts receivable, trade and other payables and due to related parties approximate their carrying value due to their short term nature.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at April 30, 2020 and 2019, the Company does not have any Level 3 financial instruments.

	30 April 2020	30 April 2019
FINANCIAL ASSETS	**$**	$
At amortized cost		
Cash	**9,288**	84,174
Amounts receivable	**6,773**	3,307
Total financial assets	**16,061**	87,481
FINANCIAL LIABILITIES		
At amortized cost		
Trade and other payables	**48,548**	44,611
Due to related parties	**478,493**	436,657
Convertible note	**215,582**	173,962
Total financial liabilities	**742,623**	655,230

10. FINANCIAL INSTRUMENTS (continued)

10.2 Management of financial risks

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk, currency risk and commodity price risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk
Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash. The Company manages its credit risk relating to cash by dealing with only with highly-rated financial institutions. As a result, credit risk is considered insignificant.

Liquidity risk
The Company is reliant primarily upon equity issuances as its sole source of cash. The Company manages liquidity risk by maintaining an adequate level of cash to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows to capital and operating needs. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. As at 30 April 2020, the Company had working capital deficiency of $510,980.

Other risks
Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or price risk arising from these financial instruments.

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

11.1 Shares to be issued

The liabilities of the Company include the following amounts due to related parties:

	30 April 2020	30 April 2019
	$	$
CEO (shares to be issued)	**29,200**	29,200
Total amount	**29,200**	29,200

As at April 30, 2020, related parties include an incentive bonus payable to compensate the Chief Executive Officer payable in 36,500 common shares at a price of $0.80 per share. Issuance pending since 2016.

On October 14, 2017, convertible notes were issued to two directors (See Note 6).

As at April 30, 2020, there was $478,493 (2019 - $436,657) due to related parties. The amounts due to related parties are non-interest bearing, unsecured and due on demand.

11.2 Key management personnel compensation

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, and companies controlled by them.

The remuneration of directors and other members of key management were as follows:

	Year ended 30 April	
	2020	2019
	$	$
Accounting services	**15,000**	14,500
Total key management personnel compensation	**15,000**	14,500

(Expressed in Canadian dollars)

12. INCOME TAXES

12.1 Provision for income taxes

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate of 27% (2019-27%) arise as follows:

	Year ended April 30,	
	2020	2019
	$	$
Expected income tax recovery	**(43,000)**	-
Change in tax rates and other	**6,000**	(17,000)
Permanent differences	**-**	(13,000)
Adjustment to prior years provision versus statutory tax returns	**(475,000)**	-
Change in unrecognized deductible temporary differences	**512,000**	30,000
Total income tax recovery	**-**	-

Deferred income taxes

The temporary differences that give rise to deferred income tax assets and liabilities are as follows:

	Year ended April 30,	
	2020	2019
	$	$
Exploration and evaluation assets	**4,000**	4,000
Non-capital losses available for future periods	**548,000**	36,000
Capital losses	**446,000**	446,000
Unrecognized deferred tax assets	**(998,000)**	(486,000)
Total income tax recovery	**-**	-

The Company's non-capital losses of $2,031,000 and expire in the periods from 2038-2040.

13. SALE OF SUBSIDIARY

On April 27, 2018, the Company sold its interest in its 57.64% owned subsidiary, Jagercor Energia Argentia SA (JEA) to a director of the Company for proceeds of 415,000 argentine pesos ($25,000).

During the year ended April 30, 2019, the Company received proceeds of $151,004 related to the sale and for partial repayment of a previously written-off loan to JEA resulting in a gain on loan receivable of $126,004.