CIELO WASTE SOLUTIONS CORP.

Financial Statements

For the Nine-Month Period ended January 31, 2020

(Expressed in Canadian dollars)

TO THE SHAREHOLDERS OF CIELO WASTE SOLUTIONS CORP.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a) and International Accounting Standards (IAS) 34, the Company discloses the interim financial statements for the period ended January 31, 2020 were prepared by management and were not reviewed by Cielo's independent auditors.

Cielo Waste Solutions Corp.

Statement of financial position

(Expressed in Canadian Dollars)

	Note	January 31, 2020	April 30, 2019
Assets			
Current Assets			
Cash		160,524	354,258
GST and Other receivable		254,638	128,688
Prepaid expenses		1,227,739	328,291
Inventory	5	208,260	209,754
Total Current Assets		1,851,161	1,020,991
Non Current Assets			
Property, plant and equipment	6	14,819,594	10,905,980
Intellectual property assets	7	1	1
Total Non Current Assets		14,819,595	10,905,981
Total Assets		16,670,756	11,926,972
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable	14	4,382,255	2,970,231
Accrued liabilities		5,000	787,611
Short-term loans payable	8&14	26,515	400,912
Current Portion of Long Term Debt	8	1,012,516	1,010,999
Current Portion of Convertible Debt	9	661,774	655,715
		6,088,060	5,825,468
Long Term Liabilities			
Royalty Payable	10	835,528	747,498
Long term loans payable	8	2,386,466	2,355,258
Convertible Debentures	9	4,310,084	-
		13,620,138	8,928,224
Shareholders' Equity			
Share capital	11	20,207,891	15,866,131
Contributed surplus	12&13	6,748,564	6,150,737
Deficit		(23,905,837)	(19,018,120)
Total Equity		3,050,618	2,998,748
Total Liabilities and Equity		16,670,756	11,926,972

Nature and continuance operation and basis of presentation (Note 1 and 2)
Subsequent events (Note 18)
Approved and authorized for issue by the Board of Directors on March 13, 2020

Signed: "Don Allan"
Don Allan, President, CEO and Director

Signed: "Robin Ray"
Director

See accompanying notes to financial statements.

Cielo Waste Solutions Corp.

Statements of comprehensive Loss

(Expressed in Canadian Dollars)

	Three Months Ended		Nine Months Ended	
	January 31,		January 31,	
	2020	**2019**	**2020**	**2019**
Expense	$	$	$	$
Advertising and Promotion	56,159	32,240	318,121	53,013
Amortization on deferred financing charges	76,328	17,390	168,516	52,167
Amortization on property, plant and equipment	42,757	42,321	122,928	126,960
Bad Debt	-	-	-	6,725
Bank Charges	228	350	3,010	892
Consulting	318,843	25,555	681,974	198,193
Development Expense	489,978	583,049	1,022,430	583,049
Interest and accretion expenses (Note 8&9)	321,587	156,984	893,956	444,437
Management Fees (Note 11)	38,856	141,173	243,314	462,649
Office and administrative expenses	133,497	38,025	297,810	107,116
Professional fees	65,295	51,207	215,135	234,932
Salaries and benefits (Note 14)	138,162	123,369	366,624	365,460
Transfer agent and filing fees	29,294	11,457	64,739	33,868
Travel	9,625	12,845	37,563	31,021
Net Loss before other items	(1,720,609)	(1,235,965)	(4,436,120)	(2,700,482)
Gain (Loss) on settlement of debt	(382,701)	345,888	(451,597)	266,903
Net loss and comprehensive loss for the period	(2,103,310)	(890,077)	(4,887,717)	(2,433,579)
Loss per share, basic and diluted	(.011)	(.006)	(.025)	(.016)
Weighted average number of outstanding common shares	198,456,560	155,147,807	198,456,560	155,147,807

See the accompanying notes to the financial statements

Cielo Waste Solutions Corp.
Statements of Changes in Equity
(Expressed in Canadian Dollars except for number of shares)

			Contributed Surplus			
	Number of shares	Share Capital	Options, RSU's and Warrants	Other	Deficit	Total shareholders' equity
		$	$	$	$	$
Balance April 30, 2018	140,192,283	11,110,880	5,433,390	71,482	(16,251,950)	363,802
Shares issued on warrant conversion (Note 11)	2,000,000	400,000				400,000
Shares issued on warrant conversion (Note 11)	875,000	175,000				175,000
Shares issued on warrant conversion (Note 11)	162,500	32,500				32,500
Shares issued on debt conversion (Note 11)	1,960,781	392,156				392,156
Shares issued on warrant conversion (Note11)	7,125,000	1,425,000				1,425,000
Shares issued on debt conversion (Note 11)	477,363	114,567				114,567
Shares issued on Exercise of Broker Warrants (Note 11)	1,461,500	292,753	(2,853)			289,900
Shares issued on Exercise of Warrants (Note 11)	50,000	10,000				10,000
Shares issued on Exercise of Broker Warrants (Note 11)	608,000	121,926	(41,126)			80,800
Shares issued on debt conversion (Note 11)	228,918	57,230				57,230
Shares issued on Exercise of Warrants (Note 11)	900,000	180,000				180,000
Shares issued on Exercise of Warrants (Note 11)	941,180	188,236				188,236
Shares issued on debt conversion (Note 11)	2,826,025	367,383				367,383
Shares issued on debt conversion (Note 11)	3,029,167	393,792				393,792
Shares and warrants issued for private placements (Note 11)	3,300,000	363,000	66,000			429,000
Shares and Warrants issued for private placements and debt conversion (Note 11)	3,426,200	376,882	68,524			445,406
Shares and Warrants issued for private placements (Note 11)	2,076,923	228,462	41,538			270,000
Fair Values of finders' warrants (Note 10)						21,275
RSU Vesting (Note 13)			462,649			462,649
Share issuance Costs		(798,507)				(798,507)
Net loss for the period					(2,433,579)	(2,433,579)
Balance January 31, 2019	171,640,840	15,431,260	6,049,397	71,482	(18,685,529)	2,866,610
Balance April 30, 2019	175,687,011	15,866,132	6,079,255	71,482	(19,018,120)	2,998,749
Shares issued for fair value on prepaid interest and warrants issued at fair value on convertible debenture issuance (Note11)	3,024,000	241,920	39,797			281,717
Shares issued for fair value on prepaid interest and warrants issued at fair value on convertible debenture issuance (Note 11)	2,361,000	177,075	28,453			205,528
Shares issued on debt conversion (Note 11)	133,300	13,300				13,300
Shares issued for fair value on prepaid interest and warrants issued at fair value on convertible debenture issuance (Note 11)	3,060,750	260,164	41,961			302,125
Shares issued on debt conversion (Note 11)	400,710	40,071				40,071
Shares issued for fair value on prepaid interest and warrants issued at fair value on convertible debenture issuance (Note 11)	2,329,500	232,950	37,666			270,616
Shares issued on debt conversion (Note 11)	1,660,400	234,956				234,956
Shares issued for fair value on prepaid interest and warrants issued at fair value on convertible debenture issuance (Note 11)	4,590,000	596,700	96,722			693,422
Shares issued on debt conversion (Note 11)	510,710	51,071				51,071
Shares issued for fair value on prepaid interest and warrants issued at fair value on convertible debenture issuance (Note 11)	125,000	11,250	1,997			13,247
Shares issued for fair value on prepaid interest and warrants issued at fair value on convertible debenture issuance (Note 11)	1,137,500	102,375	18,187			120,562
Shares issued for fair value on prepaid interest and warrants issued at fair value on convertible debenture issuance (Note 11)	750,000	56,250	9,666			65,916
Shares issued on debt conversion (Note 11)	5,000,000	300,000				300,000
Shares issued on debt conversion (Note 11)	10,750,000	645,000				645,000
Shares issued on debt conversion (Note 11)	900,000	54,000				54,000
Shares issued on debt conversion (Note 11)	8,666,667	520,000				520,000
Shares issued for fair value on prepaid interest and warrants issued at fair value on convertible debenture issuance (Note 11)	1,092,500	65,550	10,858			76,408
Shares issued for fair value on prepaid interest and warrants issued at fair value on convertible debenture issuance (Note 11)	1,000,000	65,000	10,793			75,793
Shares issued on debt conversion (Note 11)	1,841,667	110,500				110,500
Shares issued for fair value on prepaid interest and warrants issued at fair value on convertible debenture issuance (Note 11)	500,000	35,000	5,392			40,392
Shares issued for debt	1,247,556	93,566				93,566
Shares issued on debt conversion (Note 11)	1,333,333	80,000				80,000
Shares issued for Conversion o RSU units	1,500,000	307,500	(307,500)			-
Shares issued on debt conversion (Note 11)	675,000	40,500				40,500
Shares issued on debt conversion (Note 11)	500,000	30,000				30,000
Fair Values of finders' warrants (Note 12)			360,525			360,525
RSU Vesting (Note 13)			243,310			243,310
Share issuance Costs		(22,939)				(22,939)
Net loss for the period					(4,887,717)	(4,887,717)
Balance January 31, 2020	230,776,604	20,207,891	6,677,082	71,482	(23,905,837)	3,050,618

See accompanying notes to the financial statements.

Cielo Waste Solutions Corp.

Statement of Cash Flows

(Expressed in Canadian Dollars)

Nine months ended January 31,	2020	2019
Cash (used in) provided by:		
Operating activities		
Loss for the period	(4,887,717)	(2,433,579)
Adjustments for:		
Amortization of PPE	122,928	126,960
Bad Debt Expense	-	6,725
Gain on Settlement of debts with shares	451,597	(345,888)
RSU Vesting	243,314	462,649
Amortization of deferred financing costs	168,516	52,167
Accrued interest and accretion expenses	575,607	120,645
	(3,325,755)	(2,010,321)
Changes in non-cash operating working capital		
Other receivable	(125,949)	(40,764)
Prepaid Expenses	512,455	91,221
Inventory	1,494	(84,007)
Accounts payable and accrued liabilities	792,407	1,711,075
Cash used in operating activities	(2,145,348)	(332,796)
Financing activities		
Short Term Loans	23,960	41,848
Royalty Payable	-	662,189
Convertible debt issued for cash	6,328,750	-
Share issuance for cash	-	3,533,898
Share issuance costs	(22,936)	(798,507)
Warrant issuance for cash	-	197,337
Financing cost paid	(341,617)	-
Shares issuance for debt	-	1,541,010
Cash provided by financing activities	5,988,157	5,177,775
Investing activities		
Purchase of property plant and equipment	(4,036,542)	(5,379,375)
Cash provided by investing activities	(4,036,542)	(5,379,375)
Increase (decrease) in cash	(193,733)	(534,396)
Cash, beginning of period	354,258	560,891
Cash, end of period	160,524	26,495
Supplemental items:	$	$
Interest paid in cash	318,349	323,792
Non-cash activities:	$	$
Shares issued for debt settlement	-	8,522,254
Fair Value of shares issues for interest expense	1,856,274	5,833
Fair Value for regular warrants issued	301,488	-
Fair value of shares issued for debt settlement	379,594	1,325,127
Fair value of Broker warrants issued	360,525	-
Accrual for fair value of restricted share units not yet vested	243,314	-

See accompanying notes to the financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Cielo Waste Solutions Corp. (“Cielo” or the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on February 2, 2011 as a wholly owned subsidiary of Arris Holdings Inc. (“AHI”). Pursuant to an arrangement agreement with AHI dated March 1, 2011 and the supplement to the arrangement agreement dated June 9, 2011, (collectively the “Arrangement Agreement”), the Company spun out from AHI and became a reporting issuer after the Arrangement Agreement became effective on June 9, 2011 (“Effective Date’). Commencing August 3, 2011, the Company’s common shares started trading on Canadian Stock Exchange (“CSE”) under the symbol CMC. Commencing December 9, 2019, the Company’s common shares started trading on the OTCQB Venture Market (“OTCQB”) under the symbol CEIWF. The symbol was updated to CWSFF on December 17, 2019.

The principal and registered office of the Company is located at 610 – 475 West Georgia Street, Vancouver, BC V6B 4M9.

Originally a mineral property acquisition and development company, a change in the board of directors in June 2013 resulted in a new direction for the Company. The Company's strategic focus is on the refining of municipal and construction waste into a renewable diesel fuel. The Company changed its name to Cielo Waste Solutions Corp. on August 12, 2013 to more clearly identify its focus on renewable diesel and waste solutions.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes 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. At January 31, 2020, the Company had not yet achieved profitable operations, had accumulated losses of $23,905,837 since its inception, and had a working capital deficit of $(4,236,899), which may not be sufficient to sustain operations over the foreseeable future. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

In the nine months ended January 31, 2020, the Company issued 55,089,593 common shares, 19,970,250 as payment of the prepaid interest equal to $1,844,234 pursuant to private placement offerings of convertible debentures during the same period, 3,418,666 for consideration of $379,594 in the form of debt settlement, 30,200,677 for consideration of $1,842,040 in the form of debt conversion including accrued interest of $12,040 and the remaining 1,500,000 were issued to pursuant to the vesting of restricted share units at $307,500.

The Company’s operations, as intended, and its financial success are dependent upon the successful commercial start-up of its renewable diesel refinery and the economic viability of developing refineries based on the Company’s technology, and its ability to ensure sufficient financing is obtained to complete such start-up.

<u>Joint Ventures:</u>

In the year ended April 30, 2019, the Company had begun to agree to potential future joint venture arrangements for the expansion of the Company’s business:

- On October 31, 2018 the Company executed a Binding Memorandum of Understanding (“GP MOU”) with Renewable U Energy Inc. (“Renewable U”), a privately-owned Alberta

1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

corporation. The GP MOU provides the framework for the Company to enter into a joint venture agreement with Renewable U to build, commission and operate one refinery initially, with a right of first refusal to enter into further agreements for potential follow-on refineries in Grande Prairie, Alberta.

- Pursuant to the terms of the GP MOU, Renewable U acquired an option to enter into a second Memorandum of Understanding with the Company for Medicine Hat, Alberta. On February 21, 2019, Renewable U exercised this option and entered into another similar Memorandum of Understanding ("MH MOU") with the Company to build another refinery in the city of Medicine Hat, Alberta.
- On February 21, 2019 the Company entered into another option agreement with Renewable U, pursuant to which the Company granted to Renewable U an option to enter into another memorandum of understanding ("Brooks MOU") with the Company to build a follow-on joint venture renewable diesel refinery in the City of Brooks AB, on substantially the same or similar terms to the contemplated joint venture refineries in Grande Prairie and Medicine Hat. Renewable U exercised this option and entered into the Brooks MOU with the Company on March 29, 2019.
- On January 9, 2020, the Company announced that Renewable U has executed another Memorandum of Understanding for the city of Halifax ("Halifax MOU"). The Company agreed to reallocate the $250,000 Joint Venture fee previously paid to Cielo regarding the Brooks MOU. As of January 8, 2020, the Brooks MOU has been terminated. The terms of the Halifax MOU are substantially the same or similar terms to the contemplated joint venture refineries in Grande Prairie and Medicine Hat.
- The Company and Renewable U intend to form three incorporated joint venture companies for each of the GP MOU, MH MOU and the Halifax MOU (each an "MOU") respectively, each to be owned 50.1% by the Company and 49.9% by Renewable U, unless otherwise agreed. In consideration for the opportunity to enter into the joint ventures with the Company and undertake the respective projects (each a "Project"), Renewable U has paid to the Company a fee of $250,000 fee (each a "Fee") with respect to each MOU to secure each Grande Prairie, Medicine Hat, Alberta and Halifax, Nova Scotia and the area surrounding each, in each case encompassing a 250 km radius. The terms of each MOU provide that in the event the Company does not execute definitive agreements with respect to any MOU within certain agreed upon reasonable times, the Company agreed, subject to applicable laws and policies, to issue Renewable U common shares of the Company in lieu of returning the Fee in each instance, valued at the greater of: $0.25 and the average closing price of the Company's shares during the 5 trading days prior to these shares issuances.
- The general terms to be incorporated into the joint venture agreement arising from each MOU are as follows:
    - Renewable U will be solely responsible for financing 100% of the costs associated with acquiring the land, building and commissioning the initial refinery to be built in each of Grande Prairie, Medicine Hat, Alberta or Halifax, Nova Scotia, (in each case the "Project Costs", respectively).

NATURE AND CONTINUANCE OF OPERATIONS (continued)

- The Company will manage each Project overall, overseeing the planning, construction, commissioning and operation of each of the refinery and will receive a management fee for the construction of each refinery equal to 7% of the Project Costs for such refinery subject to certain exclusions, and will continue to receive management fees once operations begin based on industry standards.

- For each initial refinery, profits will be split 30%in favour of the Company and 70% in favour of Renewable U, until Renewable U has received profits equaling100% of the Project Costs for that refinery. Thereafter profits will be split on the basis of 50.1% for the Company, 49.9% for Renewable U, reflecting the respective interests/ownership of the parties.

- On or about November 22, 2018, the Company entered into a memorandum of understanding ("Calgary MOU") with Seymour Capital Incorporated ("Seymour") on substantially the same terms as the foregoing MOUs for the territory of Calgary, including the grant of an option to Seymour on substantially the same terms as the Calgary MOU for a territory in Ontario outside of the Greater Toronto Area. Seymour also paid a fee of $250,000 to the Company to secure the territory of Calgary.

- On July 30, 2019, the Company entered into a Memorandum of Understanding with Renewable U Lethbridge on the same terms as the previous MOU's. The balance of the full deposit amount of $250,000 was received on August 30, 2019. This MOU represents the fifth agreement entered into by the Company to build refineries on a joint venture basis.

Other Developments:

On November 28, 2019, the Company announce that it had entered into a Supply of Services Agreement with Canadian Pacific effective October 31, 2019, which will expire on October 31, 2025. Pursuant to the terms of the agreement, it's anticipated that CP will provide a minimum of 2,500,000 ties to be used as feedstock.

On December 17, 2020, the Company announced the appointment of Lionel Robins to the Board of Directors.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

a) Statement of Compliance

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

(b) Basis of preparation

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. These financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

a) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

estimates. The financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Going concern
The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The directors monitor future cash requirements to assess the Company's ability to meet these future funding requirements.

Present value of long-term liabilities
In assessing the fair value of long-term liabilities without interest or interest rate below market or with conversion features using effective interest rate method, management has to exercise judgment to determine the effective interest rate based on market and risk.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Share-based payments
The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the expected volatility of its own shares, the expected life of stock options granted, the estimated number of stock options expected to vest and the expected time of exercise of those stock options. The model used by the Company is the Black-Scholes option pricing valuation model.

b) Cash equivalents

Cash equivalents are comprised of all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less. As at January 31, 2020 and 2019 , there were no cash equivalents.

b) Inventories

Inventories are stated at the lower of cost and net realizable value, with due consideration of obsolescence. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cost is based on the average costing principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

c) The Company records property, plant and equipment at cost less accumulated amortization and accumulated impairment losses. It recognizes amortization to write off the cost of assets less their residual values over their useful lives, using the following methods and rates:

Construction in Progress	no amortization until completion
Computer	30% declining balance
Equipment	10% declining balance
Building	4% declining balance

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

d) Shared-based payments

Share based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant 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 fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company has a restricted share unit ("RSU") plan (the "RSU Plan") for certain directors, officers, consultants and employees of the Company. The equity-settled share-based compensation is measured at the fair value of the Company's common shares as at the grant date using a volume weighted average share price in accordance with the terms of the RSU Plan. The fair value determined at the grant date is charged to income on a straight line basis over the vesting period, based on the estimate of the number of RSUs that will eventually vest and be converted to common shares by the holder or payable in cash to the holder at the Company's option, as applicable, with a corresponding increase in equity (share-based compensation reserve). As necessary, the Company revises its estimate if subsequent information indicates that the number of RSUs expected to vest differs from previous estimates. On the vesting date, the Company revises the estimate to equal the number of equity instruments that ultimately vested. The impact of the revision of estimates, if any, is recognized in income or expense such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based compensation reserve.

e) Deferred income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affects neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

f) Valuation of equity units issued in private placements

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

g) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

h) Earnings (loss) per share

Basic earnings (loss) per share are computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share 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. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted losses per share are the same for the periods presented.

i) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the 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 recorded at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities recorded at fair value through profit or loss are recognized immediately in the statements of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (through OCI or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

Debt Instruments
There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss.

When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses).
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

i) Financial instruments

Equity Instruments
The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss for the period. The Company's liabilities classified as other financial liabilities, which include accounts payable and accrued liabilities, short-term loan payable, long term loan, convertible debentures and royalty payable, are initially measured at fair value net of transaction costs, and subsequently measured at amortized cost using the effective interest rate 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.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statements of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Other receivable	Amortized cost
Accounts payable & accrued liabilities	Amortized cost
Short-term and long-term loans payable	Amortized cost
Royalty payable	Amortized cost
Convertible debentures	Amortized cost

j) Convertible debentures

Convertible debentures with both a liability and an equity component from the Company's perspective are accounted for and presented separately according to their substance based on the definitions of liability and equity. The split is made at issuance and not revised for subsequent changes in market interest rates, share prices, or other event that changes the likelihood that the conversion option will be exercised. A financial liability represents the Company's contractual obligation to pay cash, and the other is an equity instrument, represents the holder's option to convert into common shares. When the initial carrying amount of a compound financial instrument is required to be allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the 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 has been recognized.

ii) Financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Financial assets, other than those at 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

ii) Financial assets (continued)

estimated future cash flows of the investment have been affected. When impairment has incurred, the cumulative loss is recognized in the statements of loss and comprehensive loss. For financial assets carried at cost or amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the recoverable amount, determined as the higher of the estimated fair value and the discounted future cash flows generated from use. The projections of future cash flows take into account the relevant operating plans and management's best estimate of the most probable set of conditions anticipated to prevail. When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to the statement of comprehensive loss in the year. Impairment losses may be reversed in subsequent years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Intangible assets

Intangible assets are amortized over the estimated useful life of each asset unless the life is determined to be indefinite. An intangible asset with an indefinite life is not amortized but will be tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

An impairment loss is recognized when the carrying value of intangible asset exceeds the estimated undiscounted future cash flow expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded is calculated by the excess of the asset's carrying value over its fair value. Fair value is generally determined using a discounted cash flow analysis.

m) Provisions

Provisions are recorded when a present legal or constructive obligation exists because of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

n) Research and development expenditures

Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if the Company can demonstrate each of the following criteria are met: i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, ii) its intention to complete the intangible asset and use or sell it, iii) its ability to use or sell the intangible asset, iv) how the intangible asset will generate probable future economic benefits, v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development; otherwise they are expensed as incurred. The Company assesses whether it has met the relevant criteria for deferral and amortization at each reporting date.

o) Revenue recognition

Revenue from Contracts with Customers
The Company completed its assessment of the effect of IFRS 15 and determined the method of revenue recognition will remain unchanged. The Company’s assessment included an examination of contracts for all revenue streams which includes the JV Fee charged on the MOUs and the sale of diesel produced from the plant.

Revenues associated with the deposits charged on the MOUs (see Note 1) will only be recognized when there is persuasive evidence that an arrangement exists which is the JV Agreements have been entered into with the various MOU parties. The Company has already received the deposits of $1,250,000 plus GST from the five joint venture parties and the amounts are included in the accounts payable as at January 31 31, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues associated with the sale of diesel produced from the plant are recognized when there is persuasive evidence that an arrangement exists, the products are completed and delivered, the price is fixed or determinable and when the ultimate collection is reasonably assured. Interest income, if any, is recognized as received. During the nine months ended January 31, 2020, the Company only produced incidental diesel products for sale as the Company is still in process of commencing the commercializing process.

p) Changes in accounting policies and recent accounting pronouncements

(a) The following standards have been adopted effective May 1, 2018:

Financial Instruments

IFRS 9 financial instruments ("IFRS 9") replaced IAS 39, Financial Instruments: recognition and Measurement. IFRS 9 includes guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedging requirements.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), and amortized cost. Investments in equity instruments are required to be measured by default at FVTPL. IFRS 9 permit entities to elect into an irrevocable option for equity instruments to report changes in fair value in other comprehensive income.

Classification and measurement of financial assets is dependent on the entity's business model for managing the financial assets and related contractual cash flows. IFRS 9 retains most of the requirements of IAS 39 related to classification and measurement of financial liabilities.

The following table summarizes the impact of the adoption of IFRS 9 on the classification of the Company's financial assets and liabilities:

Asset/Liability	Classification under IAS 39	Classification under IFRS 9
Cash	FVTPL	FVTPL
Other receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities at amortized cost	Amortized cost
Short term loan	Other liabilities at amortized cost	Amortized cost
Long term loan	Other liabilities at amortized cost	Amortized cost
Convertible debentures	Other liabilities at amortized cost	Amortized cost
Royalty payable	Other liabilities at amortized cost	Amortized cost

Financial Instruments

p) Changes in accounting policies and recent accounting pronouncements (continued):

(a) The following standards have been adopted effective May 1, 2018 (continued):

ii. Impairment

IFRS 9 introduces a three stage expected credit loss ("ECL") model for determining impairment of financial assets. The expected credit loss model does not require the occurrence of a triggering event before an entity recognizes credit losses. IFRS 9 requires an entity to recognize expected credit losses upon initial recognition of a financial asset and to update the quantum of expected credit losses at the end of each reporting period to reflect changes to credit risk of the financial asset. The adoption of the ECL model does not have a material impact on the Company's consolidated financial statements.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

IFRS 15 Revenue from Contracts with Customers, ("IFRS 15") replaced all pre-existing guidance, including, but not limited to IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 15 Agreements for the Construction of Real Estate in IFRS and IFRIC 13 Customer Loyalty Programmes related to revenue. IFRS 15 contains a single control based model (the "model") that applies to contracts with customers and allows entities to recognize revenue at a point in time or over time. The model consists of a 5 step analysis of transactions to determine whether, how much, and when revenue is recognized. IFRS 15 also includes additional requirements for revenue accounted for under the standard.

The Company adopted IFRS 15 effective May 1, 2018 and used the cumulative effect transition method; thus, the Company did not apply the requirements of IFRS 15 to the comparative period presented. The effect of applying IFRS 15 initially would have been recognized at May 1, 2018.

b) Future accounting changes

IFRS 16, "Leases" is a new standard that sets out the principle for the recognition, measurement and disclosure of leases. This new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessors, IFRS 16 carries forward the lessor accounting requirement in IAS 17, with an enhanced disclosure requirement that will provide information to the users of financial statements about a lessor's risk exposure, particularly to residual value risk. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, although earlier application is permitted for entities that apply IFRS 15. The Company intends to adopt the new standard on the required effective date of May 1, 2019 without restatement of comparative information.

4. CASH

	January 31, 2020	January 31, 2019
Cash	160,524	26,495
	160,524	26,495

There is no cash equivalent as at January 31, 2020 and 2019.

5. INVENTORY

	January 31, 2020	January 31, 2019
Raw Materials	159,080	67,277
Semi-processed Product	49,180	16,730
	208,260	84,007

All inventory is subject to general security agreements related to a loan from BJK Holdings Ltd. (see Note 8) and outstanding secured convertible debentures (see Note 9).

(Expressed in Canadian dollars)

6. PROPERTY, PLANT AND EQUIPMENT

	January 31, 2020			January 31, 2019		
	Costs	Accumulated Amortization	Total	Costs	Accumulated Amortization	Total
Land	755,841	-	755,841	755,841	-	755,841
Building	931,499	99,360	832,139	931,499	64,688	866,811
Computer	66,546	27,316	39,230	24,126	9,122	15,004
Equipment	672,339	170,645	501,694	672,339	114,903	557,436
Construction in progress	12,193,366	-	12,193,366	7,208,626	-	7,208,626
Plant	699,868	202,544	497,324	699,868	147,286	552,582
	15,319,459	499,865	14,819,594	10,292,299	335,999	9,956,300

7. INTELLECTUAL PROPERTY ASSETS

As at April 30, 2016, the Company concluded that, due to certain intellectual assets it had acquired being in an idle stage waiting for further development, the intellectual property has been impaired, and the value should have been written down to $1. The impairment evaluation as at January 31, 2020 remains the same.

8. SHORT-TERM AND LONG-TERM LOANS PAYABLE

Short-term Loan: The balance of short-term loans payable as at January 31, 2020 is comprised of the following:

$25,426 in loans from arm's length third parties (2019-$22,421). These are unsecured and due on demand with interest at prime rate plus 10% to 12% per annum. A total of $5,276 (2019-$2,270) in interest on these loans has been accrued as at January 31, 2020.

$1,089 in loans from related parties as below:

	January 31, 2020	**January 31, 2019**
Don Allan	1,089	372,893
Don Allan – Note payable matures, due on demand, at annual interest of 5% starting from May 1, 2016	-	13,888
	$1,089	$ 386,781

These loans are/were unsecured, non-interest bearing and due on demand except for the $Nil (2019 -$13,888) loan, which was 5% interest bearing. A total of $Nil (2019-$13,888) in interest on these related party loans has been accrued as at January 31, 2020.

These short-term loans were presented at their carrying amount because they are due on demand and their amortized costs are not measurable without fixed terms. The short-term loan presented at its carrying amount

(Expressed in Canadian dollars)

8. SHORT-TERM AND LONG-TERM LOANS PAYABLE

because it is due within the next twelve months and the fair value is approximately the principle with the interest payable amount.

On July 16, 2019, the Company issued Don Allan 400 A Convertible Debenture Units (Note 9) to settle short term debt of $400,000. A balance of $1,089 of the short-term debt still remains outstanding at January 31, 2020.

Long-term loans: The balance of long-term loans payable as at January 31, 2020 is comprised of the following:

	January 31, 2020	January 31, 2019
A Secured interest bearing loan, at annual rate of 12%, to be matured on June1, 2022 (See Note 8(a)).	$3,500,000	$3,500,000
Total long-term loans payable	3,500,000	3,500,000
Less: deferred financing costs	(101,018)	(144,295)
Less: current portion of long-term loans payable	(1,012,516)	(1,013,760)
Long-term portion of loans payable	$2,386,466	$2,341,945

Principal payments on note payables are due as follows:

2020	$1,012,516
2021	1,104,106
2022	1,383,378
	$3,500,000

On November 2, 2017 the Company entered into a loan agreement (the "Loan Agreement") with BJK Holdings Ltd. (the "Lender"), which matures on June 1, 2022. The Loan Agreement permitted the Company to draw up to $3,500,000 (the "Credit Facility") until September 30, 2018, to be used by the Company primarily for the conversion of its first commercial refinery (the "Commercial Refinery") on its property in High River, Alberta (the "Property"). The Credit Facility is structured as a non-revolving line of credit with security held by the Lender over all assets, including the Property and all other real property of the Company, subordinating and postponing the indebtedness of all other lenders of the Company. The Credit Facility bears simple interest at 12% annually.

On October 1, 2018 the Company signed a loan repayment extension agreement to delay payments of interest only payable until February 1, 2019, at which time regular monthly payments of $112,000 of principal together with interest were to become payable until the loaned monies owing under the Credit Facility mature in June 2022. The Lender has allowed for the further delay of payments of interest until the Company begins to earn revenues, or as otherwise agreed.

(Expressed in Canadian dollars)

8. SHORT-TERM AND LONG-TERM LOANS PAYABLE (continued)

As at January 31, 2020, the Company had drawn the full $3,500,000 available amount of the Credit Facility. As partial consideration for the Credit Facility, the Company issued 25,000,000 bonus warrants (the "Warrant(s)") to the Lender, each Warrant exercisable to purchase one common share of the Company at an exercise price of $0.20 (the "Exercise Price"), subject to adjustments for any reorganizations or dilutive events during the term of the Warrants. (See Note 11).

A total of $24,703 (2019 - $24,703) in interest on this long-term loan has been accrued as at January 31, 2020.

9. CONVERTIBLE DEBENTURES

	January 31, 2020	January 31, 2019
Convertible debts at an interest rate of 15.0%	5,643,750	500,000
Deferred financing costs	(874,672)	(10,936)
Accrued interest	202,780	143,586
	4,971,858	632,650
Less current portion	(661,774)	(17,908)
	4,310,084	614,742

During the nine months ended January 31, 2020, the Company issued 5,121.75 convertible debenture units (the "A Convertible Debenture Units") for gross proceeds of $5,121,750 (the "A Convertible Debenture Offering"). The A Convertible Debentures Units each consist of one (1) $1,000 unsecured convertible debenture (the "A Debentures") and 500 share purchase warrants. The A Debentures bear interest at a simple rate of 15% per annum, the initial two (2) years of interest prepaid (the "A Prepaid Interest") on the date of issuance of the A Debentures (the "A Issue Date") by the issuance of common shares (the "A Prepaid Interest Shares") at a price of $0.10 per A Prepaid Interest Share. The principal of the A Debentures (the "A Principal") together with all accrued interest exceeding the A Prepaid Interest (the "A Interest Balance") will be repaid 48 months from the A Issue Date unless repaid earlier by the Company without penalty or converted by the holder(s) thereof any time after four months and a day following the A Issue Date at a price of $0.06 for the A Principal and $0.10 for the A Interest Balance.

Additionally, during the nine months ended January 31, 2020, the Company issued a total of 1,842 convertible debenture units (the "B Convertible Debenture Units", together with the A Convertible Debenture Units, collectively the "2019 Convertible Debenture Units") for gross proceeds of $1,842,000 (the "B Convertible Debenture Offering", together with the A Convertible Debenture Offering, collectively the "Convertible Debenture Offerings"). The B Convertible Debentures Units each consist of one (1) $1,000 unsecured convertible debenture (the "B Debentures") and 500 share purchase warrants. The B Debentures bear interest at a simple rate of 15% per annum, the initial two (2) years of interest prepaid (the "B Prepaid Interest", together with the A Prepaid Interest, collectively the "Prepaid Interest") on the date of issuance of the B Debentures (the "B Issue Date") by the issuance of common shares (the "B Prepaid Interest Shares", together with the A Prepaid Interest Shares, collectively the "Prepaid Interest Shares") at a price of $0.12 per B Prepaid Interest Share. The principal of the B Debentures (the "B Principal") together with all accrued

(Expressed in Canadian dollars)

9. CONVERTIBLE DEBENTURES (continued)

interest exceeding the B Prepaid Interest (the "B Interest Balance") will be repaid 48 months from the B Issue Date unless repaid earlier by the Company without penalty or converted by the holder(s) thereof any time after four months and a day following the Issue Date at a price of $0.08 for the Principal and $0.12 for the Interest Balance.

During the nine months ended January 31, 2020, $40,000 of principal and $13,371 of accrued interest on convertible debentures that were issued during the year ended April 30, 2017 (the "2017 Convertible Debentures"), convertible at $0.10 per common share, were converted to 534,010 common shares. (Note 11)

The 2017 Convertible Debentures are secured by general security agreements, which are subordinated to the general security agreement issued in favor of BJK Holdings Ltd. (see Note 8(a)).

During the nine months ended January 31, 2020, $1,780,000 of principal on convertible debentures of the A Convertible Debenture Units, convertible at $0.06 per common share, were converted to 29,666,667 common shares. (Note 11).

Accretion expenses on the 2017 Convertible Debentures of $Nil was charged to the operation during the nine months ended January 31, 2020 (2019 - $nil).

Interest expenses on the 2017 Convertible Debentures of $53,603 was charged to the operation during the nine months ended January 31, 2020 (2019 - $57,083).

Interest expenses on the 2019 Convertible Debentures Units of $432,331 was charged based on the fair value of the Prepaid Interest Shares issued to cover the Prepaid Interest of the debentures issued. Prepaid interest of $475,159 was expensed on A Convertible Debenture Units converted to common shares in the nine months ended January 31, 2019.

Total deferred financing costs of $1,003,629 were incurred for the nine months ended January 31, 2020 (2019 - $nil) and $135,791 was charged to the operation during the nine months ended January 31, 2020(2019 - $19,443).

10. ROYALTY PAYABLE

	January 31, 2020	January 31, 2019
Royalties Payable	889,219	889,219
Discount on Royalties payable	(53,691)	(168,382)
	835,528	720,837

On June 6, 2018, the Company announced the implementation of an early warrant exercise incentive program (the "Program") designed to encourage the early exercise of up to 16,366,180 unlisted warrants. On July 4, 2018, the Company announced that it had closed the Program. The Company received gross proceeds of $2,032,500 as a result of the exercise of 10,162,500 warrants. Each participant is entitled to receive $0.0875 per warrant exercised as a fixed rate royalty which will be paid out prorata over an estimated period of two years or less, at the discretion of management. Once production begins, the Company will allocate 10% of gross sales to the payment of the royalties.

The Company recorded the royalty payable of $889,219. The amortized cost of the long-term liability component was accounted for using the effective interest rate method at 15% per annum. The discount recorded of $227,030 will be amortized to accretion expense over the period of two years. The net amount of 662,189 was recorded as a share issuance cost.

For the nine months ended January 31, 2020 the Company amortized $88,031 (2019-$58,648) to accretion expense.

11. SHARE CAPITAL

a. Authorized:
- unlimited number of Class A common shares without par value; and
- unlimited number of Class B preferred shares without par value (none issued and outstanding).

b. Issued and Outstanding:

On June 7, 2018, the Company issued 2,000,000 common shares through the exercise of 2,000,000 warrants, which were eligible for an early warrant incentive program at the price of $0.20 per share. Each participant is entitled to receive $0.0875 per warrant exercised (Note 10-Royalty payable). These shares were issued for cash of $400,000.

On June 15, 2018, the Company issued 875,000 common shares through the exercise of 875,000 warrants, which were eligible for an early warrant incentive program at the price of $0.20 per share. Each participant is entitled to receive $0.0875 per warrant exercised, (Note 10-Royalty payable). These shares were issued for cash of $175,000.

On June 22, 2018, the Company issued 162,500 common shares through the exercise of 162,500 warrants, which were eligible for an early warrant incentive program at the price of $0.20 per share. Each participant is entitled to receive $0.0875 per warrant exercised, (Note 10- Royalty payable). These shares were issued for cash of $32,500.

On July 3, 2018, the Company issued 1,960,781 common shares through a non-brokered private placement offering of units at a subscription price of $0.16 per share. These shares were issued to settle debts of $313,725. Using the trading value on the same date, a loss of $78,431 resulted from these debt settlements.

On July 3, 2018, the Company issued 7,125,000 common shares through the exercise of 7,125,000 warrants which were eligible for an early warrant incentive program at the price of $0.20 per share. Each participant is entitled to receive $0.0875 per warrant exercised, (Note 10- Royalty payable). These shares were issued for cash of $1,425,000.

On August 2, 2018 the Company issued 477,363 common shares at a fair value of $114,567 using the closing trade price on the same date, to settle debt of $100,246 which resulted in a loss of $14,321.

On August 3, 2018, the Company issued 24,000 shares through the exercise of 24,000 finders warrants at the price of $0.10 per share. The shares were issued for the warrants and cash of $2,400. $2,853 was reallocated from reserve to share capital as a result of the warrants conversion.

11. SHARE CAPITAL (continued)

On August 3, 2018, the Company issued 1,437,500 shares through the exercise of 1,437,500 warrants at the price of $0.20 per share. The shares were issued for the warrants and cash of $287,500.

On August 16, 2018, the Company issued 50,000 shares through the exercise of 50,000 warrants at the price of $0.20. The shares were issued for the warrants and cash of $10,000.

On August 31, 2018, the Company issued 408,000 shares through the exercise of 408,000 finders warrants at the price of $0.10 per share. The shares were issued for the warrants and cash of $40,800. $41,126 was reallocated from reserve to share capital as a result of the warrants conversion.

On August 31, 2018, the Company issued 200,000 shares through the exercise of 200,000 warrants at the price of $0.20 per share. The shares were issued for the warrants and cash of $40,000.

On September 13, 2018, the Company issued 228,918 common shares at a fair value of $57,230 using the closing trade price on the same date, to settle debt of $45,784 which resulted in a loss of $11,446.

On September 13, 2018, the Company issued 900,000 shares through the exercise of 900,000 warrants at the price of $0.20 per share. The shares were issued for the warrants and debt conversion of $180,000.

On September 21, 2018, the Company issued 941,180 shares through the exercise of 941,180 warrants at the price of $0.20. The shares were issued for the warrants and cash of $188,236.

On November 30, 2018 the Company issued 2,826,025 common shares at a fair value of $367,383 using the closing trade price on the same date, to settle debt of $508,684 which resulted in a gain of $141,301.

On November 30, 2018 the Company issued 3,029,167 common shares at a fair value of $393,792 using the closing trade price on the same date, to settle debt of $605,833 which resulted in a gain of $212,041.

On December 17, 2018, the Company issued 6,726,200 common shares through a non-brokered private placement offering of units, each unit consisting of one common share and one share purchase warrant, at a subscription price of $0.13 per unit. 6,400,000 shares were issued for cash of $832,000 and 326,200 common shares were issued to settle debt of $42,406 resulting in no gain or loss. Warrants were assigned a value of $134,524 based on the residual value method. The Company paid a 7% cash and warrant commission ($30,300 cash and 231,000 finders' warrants (Note 12)).

On December 20, 2018, the Company issued 2,076,923 common shares through a non-brokered private placement offering of units, each consisting of one common share and one share purchase warrant, at a subscription price of $0.13 per unit. All shares were issued for cash of $270,000. Warrants were assigned a value of $41,538 based on the residual value method (Note 12).

On February 11, 2019, the Company issued 3,845,884 common shares through a non-brokered private placement offering of units, each consisting of one common share and one share purchase warrant, at a subscription price of $0.13 per unit. All shares were issued for cash of $499,965. Warrants were assigned a value of $115,377 based on the residual value method (Note 12).

On February 11, 2019, the Company issued 46,289 common shares at a fair value of $4,860 using the closing trade price on the same date, to settle debt of $8,332 which resulted in a gain of $3,472.

11. SHARE CAPITAL (continued)

On April 18, 2019, the Company issued 40,000 shares through the exercise of 40,000 finders warrants at the price of $0.10 per share. The shares were issued for the warrants and cash of $4,000. $6,200 was reallocated from reserve to share capital as a result of the warrants conversion.

On April 18, 2019, the Company issued 113,998 common shares through a non-brokered private placement offering of units, each unit consisting of one common share and one share purchase warrant, at a subscription price of $0.13 per unit. 113,998 common shares were issued to settle debt of $14,280 resulting in no gain or loss. Warrants were assigned a value of $6,270 based on the residual value method.

On May 6, 2019, the Company issued 3,024,000 common shares at a fair value of 241,920 using the closing trade price on the same date, to settle the A Prepaid Interest associated with the A Convertible Debenture Units.

On May 31, 2019, the company issued 2,361,000 common shares at a fair value of 177,075 using the closing trade price on the same date, to settle the A Prepaid Interest associated with the A Convertible Debenture Units .

On June 20, 2019, the Company issued 133,300 common shares as the result of the conversion of convertible debentures of $10,000 and accrued interest of $1,330.

On June 26, 2019, the Company issued 3,060,750 common shares at a fair value of 260,164 using the closing trade price on the same date, to settle the A Prepaid Interest associated with the A Convertible Debenture Units.

On June 26, 2019, the Company issued 400,710 common shares as the result of the conversion of convertible debentures of $40,000 and accrued interest of $10,071.

On July 9, 2019, the company issued 2,329,500 common shares at a fair value of 232,950 using the closing trade price on the same date, to settle the A Prepaid Interest associated with the 2019 A Convertible Debenture Units.

On July 16, 2019, the Company issued 1,660,400 common shares at a fair value of $234,956 using the closing trade price on the same date, to settle debt of $166,060 which resulted in a loss of $69,896.

On July 16, 2019, the Company issued 4,590,000 common shares at a fair value of 596,700 using the closing trade price on the same date, to settle the A Prepaid Interest associated with the A Convertible Debenture Units.

On July 30, 2019, the Company issued 510,710 common shares at a fair value of $51,071 using the closing trade price on the same date, to settle debt of $166,060 which resulted in a no gain or loss.

On October 25, 2019, the Company issued 125,000 common shares at a fair value of $11,250 using the closing trade price on the same date, to settle the B Prepaid Interest associated with the B Convertible Debenture Units.

11. SHARE CAPITAL (continued)

On October 31, 2019, the Company issued 1,137,500 common shares at a fair value of $102,375 using the closing trade price on the same date, to settle the B Prepaid Interest associated with the B Convertible Debenture Units.

On November 14, 2019, the Company issued 750,000 common shares at a fair value of $56,250 using the closing trade price on the same date, to settle the B Prepaid Interest associated with the B Convertible Debenture Units.

On November 14, 2019, the Company issued 5,000,000 common shares as the result of the conversion of convertible debentures of $300,000.

On November 18, 2019, the Company issued 10,750,000 common shares as the result of the conversion of convertible debentures of $645,000.

On November 22, 2019, the Company issued 900,000 common shares as the result of the conversion of convertible debentures of $54,000.

On November 27, 2019, the Company issued 8,666,667 common shares as the result of the conversion of convertible debentures of $520,000.

On December 5, 2019, the Company issued 1,092,000 common shares at a fair value of $65,550 using the closing trade price on the same date, to settle the B Prepaid Interest associated with the B Convertible Debenture Units.

On December 19, 2019, the Company issued 1,000,000 common shares at a fair value of $65,000 using the closing trade price on the same date, to settle the B Prepaid Interest associated with the B Convertible Debenture Units.

On December 20, 2019, the Company issued 1,841,667 common shares as the result of the conversion of convertible debentures of $110,500.

On December 27, 2019, the Company issued 500,000 common shares at a fair value of $35,000 using the closing trade price on the same date, to settle the B Prepaid Interest associated with the B Convertible Debenture Units.

On December 31, 2019, the Company issued 1,247,556 common shares at a fair value of $93,567 using the closing trade price on the same date, to settle debt of $112,280 which resulted in a gain of $18,713.

On January 7, 2020, the Company issued 1,333,333 common shares as the result of the conversion of convertible debentures of $80,000.

On January 16, 2020, the company issued 1,500,000 common shares as the vesting of 1,500,000 vested restricted share units ("RSUs") for $307,500 which was the fair value of the shares on January 12, 2018 the date the RSU's were issued.

On January 27, 2020, the Company issued 675,000 common shares as the result of the conversion of convertible debentures of $40,500.

11. SHARE CAPITAL (continued)

On January 31, 2020, the Company issued 500,000 common shares as the result of the conversion of convertible debentures of $30,000.

12. WARRANTS

On June 7, 2018 the Company had 2,000,000 warrants exercised. The warrants were eligible for an early warrant incentive program at the price of $0.20 per share. Each participant is entitled to receive $0.0875 fixed royalty per warrant exercised, (Note 10 - Royalty payable). The shares were issued for cash of $400,000.

On June 15, 2018 the Company had 875,000 warrants exercised. The warrants were eligible for an early warrant incentive program at the price of $0.20 per share. Each participant is entitled to receive $0.0875 fixed royalty per warrant exercised. (Note 10 - Royalty payable). The shares were issued for cash of $175,000.

On June 22, 2018 the Company had 162,500 warrants exercised. The warrants were eligible for an early warrant incentive program at the price of $0.20 per share. Each participant is entitled to receive $0.0875 fixed royalty per warrant exercised, (Note 10 - Royalty payable). The shares were issued for cash of $32,500.

On July 3, 2018 the Company had 7,125,000 warrants exercised. The warrants were eligible for an early warrant incentive program at the price of $0.20 per share. Each participant is entitled to receive $0.0875 fixed royalty per warrant exercised, (Note 10 - Royalty payable). The shares were issued for cash of $1,425,000.

On August 3, 2018 the Company had 24,000 Finder's warrants exercised. The shares were issued for warrants and cash of $2,400.

On August 3, 2018 the Company had 1,437,500 warrants exercised. The shares were issued for warrants and cash of $287,500.

On August 16, 2018 the Company had 50,000 warrants exercised. The shares were issued for warrants and cash of $10,000.

On August 31, 2018 the Company had 408,000 Finders' warrants exercised. The shares were issued for warrants and cash of $40,800.

On August 31, 2018 the Company had 200,000 warrants exercised. The shares were issued for warrants and cash of $40,000.

On September 13, 2018 the Company had 900,000 warrants exercised. The shares were issued for warrants and debt conversion $180,000.

On September 21, 2018 the Company had 941,180 warrants exercised. The shares were issued for warrants and cash of $188,236.

12. WARRANTS (continued)

On December 17, 2018, the Company issued 6,726,200 warrants through a brokered placement offering of 6,726,200 units, each unit consisting of one common share one share purchase warrant (Note 11). Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 per common share with an expiry date of December 17, 2021 (subject to earlier termination upon the terms of the warrants). Warrants were assigned a value of $66,000 based on the residual value method.

On December 17, 2018, the Company issued 231,000 finders' warrants related to the December 17, 2018 brokered placements (Note 11). Each finder warrant entitles the holder to purchase one common share at a price of $0.20 per common share with an expiry date of December 21, 2021. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $21,275. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.95%; expected life – 3 year; expected volatility – 176.78%; and expected dividends – nil. The fair value of $21,275 for finders' warrants was allocated to share issuance costs as a reduction in the statements of shareholders' equity for the year ended April 30, 2019.

On December 20, 2018, the Company issued 2,076,923 warrants through a non-brokered private placement offering of 2,076,923 units, each unit consisting of one common share one share purchase warrant (Note 11). Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 per common share with an expiry date of December 20, 2021 (subject to earlier termination upon the terms of the warrants). Warrants were assigned a value of $41,538 based on the residual value method.

On February 11, 2019, the Company issued 3,845,884 warrants through a non-brokered private placement offering of 3,845,884 units, each unit consisting of one common share one share purchase warrant (Note 11). Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 per common share with an expiry date of February 11, 2022 (subject to earlier termination upon the terms of the warrants). Warrants were assigned a value of $115,337 based on the residual value method.

On April 18, 2019 the Company had 40,000 finders' warrants exercised. The shares were issued for warrants and cash of $4,000.

On April 18, 2019, the Company issued 113,998 warrants through a non-brokered placement offering of 113,998 units, each unit consisting of one common share one share purchase warrant (Note 11). Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 per common share with an expiry date of April 18, 2021,(subject to earlier termination upon the terms of the warrants). Warrants were assigned a value of $6,270 based on the residual value method.

On May 6, 2019 the Company issued 504,000 warrants through a non-brokered placement offering of the A Convertible Debenture Units (Note 9). Each warrant entitles the holder to purchase one common share at a price of $0.25 per common share with an expiry date of May 6, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $39,797. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.6%; expected life – 4 year; expected volatility – 266.48%; and expected dividends – nil. The fair value of $39,797 for finders' warrants was allocated to deferred financing costs.

On May 6, 2019 the Company issued 574,667 finders' warrants related to the May 6, 2019 issuance of the A Convertible Debenture Units (Note 9). Each finder warrant entitles the holder to purchase one common share at a price of $0.10 per common share with an expiry date of May 6, 2023. The fair value of the

12. WARRANTS (continued)

warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $45,590. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.6%; expected life – 4 year; expected volatility – 266.48%; and expected dividends – nil. The fair value of $45,590 for finders' warrants was allocated to deferred financing costs.

On May 31, 2019 the Company issued 393,500 warrants through a non-brokered placement offering of the A Convertible Debenture Units (Note 9). Each warrant entitles the holder to purchase one common share at a price of $0.25 per common share with an expiry date of May 31, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $28,453. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.38%; expected life – 4 year; expected volatility – 231.34%; and expected dividends – nil. The fair value of $28,453 for finders' warrants was allocated to deferred financing costs.

On May 31, 2019 the Company issued 302,667 finders' warrants related to the May 31, 2019 issuance of the A Convertible Debenture Units (Note 9). Each finder warrant entitles the holder to purchase one common share at a price of $0.10 per common share with an expiry date of May 31, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $22,173. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.38%; expected life – 4 year; expected volatility – 231.34%; and expected dividends – nil. The fair value of $22,173 for finders' warrants was allocated to deferred financing costs.

On June 26, 2019 the Company issued 510,125 warrants through a non-brokered placement offering of the A Convertible Debenture Units (Note 9). Each warrant entitles the holder to purchase one common share at a price of $0.25 per common share with an expiry date of June 26, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $41,961. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.41%; expected life – 4 year; expected volatility – 233.15%; and expected dividends – nil. The fair value of $41,961 for finders' warrants was allocated to deferred financing costs.

On June 26, 2019 the Company issued 293,666 finders' warrants related to the June 26, 2019 issuance of the A Convertible Debenture Units (Note 9). Each finder warrant entitles the holder to purchase one common share at a price of $0.10 per common share with an expiry date of June 26, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $24,442. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.41%; expected life – 4 year; expected volatility – 233.15%; and expected dividends – nil. The fair value of $24,442 for finders' warrants was allocated to deferred financing costs..

On July 9, 2019, the Company issued 388,000 warrants through a non-brokered placement offering of the A Convertible Debenture Units (Note 9). Each warrant entitles the holder to purchase one common share at a price of $0.25 per common share with an expiry date of July 9, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $37,666. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.58%; expected life – 4 year; expected volatility – 233.92%; and expected dividends – nil. The fair value of $37,666 for finders' warrants was allocated to deferred financing costs.

On July 9, 2019 the Company issued 674,667 finders' warrants related to the July 9, 2019 issuance of the A Convertible Debenture Units (Note 9). Each finder warrant entitles the holder to purchase one common

12. WARRANTS (continued)

share at a price of $0.10 per common share with an expiry date of July 9, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $66,203. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.58%; expected life – 4 year; expected volatility – 233.92%; and expected dividends – nil. The fair value of $66,203 for finders' warrants was allocated to deferred financing costs.

On July 16,2019, the Company issued 765,000 warrants through a non-brokered placement offering of the A Convertible Debenture Units (Note 9). Each warrant entitles the holder to purchase one common share at a price of $0.25 per common share with an expiry date of July 16, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $96,722. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.52%; expected life – 4 year; expected volatility – 231.67%; and expected dividends – nil. The fair value of $96,722 for finders' warrants was allocated to deferred financing costs.

On July 16, 2019 the Company issued 1,093,333 finders' warrants related to the July 16, 2019 issuance of the A Convertible Debenture Units (Note 9). Each finder warrant entitles the holder to purchase one common share at a price of $0.10 per common share with an expiry date of July 16, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $139,656. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.52%; expected life – 4 year; expected volatility – 231.67%; and expected dividends – nil. The fair value of $139,656 for finders' warrants was allocated to deferred financing costs.

On October 25, 2019, the Company issued 25,000 warrants through a non-brokered placement offering of the B Convertible Debenture Units (Note 9). Each warrant entitles the holder to purchase one common share at a price of $0.25 per common share with an expiry date of October 25, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $1,997. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.52%; expected life – 4 year; expected volatility – 180.41%; and expected dividends – nil. The fair value of $1,997 for finders' warrants was allocated to deferred financing costs.

On October 31,2019, the Company issued 227,500 warrants through a non-brokered placement offering of the B Convertible Debenture Units (Note 9). Each warrant entitles the holder to purchase one common share at a price of $0.25 per common share with an expiry date of October 31, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $18,187.

Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.52%; expected life – 4 year; expected volatility – 180.63%; and expected dividends – nil. The fair value of $18,187 for finders' warrants was allocated to deferred financing costs.

On October 31, 2019 the Company issued 25,000 finders' warrants related to the October 31, 2019 issuance of the B Convertible Debenture Units (Note 9). Each finder warrant entitles the holder to purchase one common share at a price of $0.12 per common share with an expiry date of October 31, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $2,087. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.52%; expected life – 4 year; expected volatility – 180.63%; and expected dividends – nil. The fair value of $2,087 for finders' warrants was allocated to deferred financing costs.

12. WARRANTS (continued)

On November 14, 2019, the Company issued 150,000 warrants through a non-brokered placement offering of the B Convertible Debenture Units (Note 9). Each warrant entitles the holder to purchase one common share at a price of $0.25 per common share with an expiry date of November 12, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $9,666. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.50%; expected life – 4 year; expected volatility – 173.60%; and expected dividends – nil. The fair value of $9,666 for finders' warrants was allocated to deferred financing costs.

On November 14, 2019 the Company issued 300,000 finders' warrants related to the November 14, 2019 issuance of the B Convertible Debenture Units (Note 9). Each finder warrant entitles the holder to purchase one common share at a price of $0.12 per common share with an expiry date of November 14, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $20,230. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.50%; expected life – 4 year; expected volatility – 173.60%; and expected dividends – nil. The fair value of $20,230 for finders' warrants was allocated to deferred financing costs.

On December 5, 2019, the Company issued 218,500 warrants through a non-brokered placement offering of the B Convertible Debenture Units (Note 9). Each warrant entitles the holder to purchase one common share at a price of $0.25 per common share with an expiry date of December 5, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $10,854. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.63%; expected life – 4 year; expected volatility – 168.42%; and expected dividends – nil. The fair value of $10,854 for finders' warrants was allocated to deferred financing costs.

On December 5, 2019 the Company issued 330,000 finders' warrants related to the December 5, 2019 issuance of the B Convertible Debenture Units (Note 9). Each finder warrant entitles the holder to purchase one common share at a price of $0.12 per common share with an expiry date of December 5, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $17,332. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.63%; expected life – 4 year; expected volatility – 168.42%; and expected dividends – nil. The fair value of $17,332 for finders' warrants was allocated to deferred financing costs.

On December 19,2019, the Company issued 200,000 warrants through a non-brokered placement offering of the B Convertible Debenture Units (Note 9). Each warrant entitles the holder to purchase one common share at a price of $0.25 per common share with an expiry date of December 19, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $10,793. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.68%; expected life – 4 year; expected volatility – 167.38%; and expected dividends – nil. The fair value of $10,793 for finders' warrants was allocated to deferred financing costs.

On December 19, 2019 the Company issued 400,000 finders' warrants related to the December 19, 2019 issuance of the B Convertible Debenture Units (Note 9). Each finder warrant entitles the holder to purchase one common share at a price of $0.12 per common share with an expiry date of December 19, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $22,812. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.68%; expected life – 4 year; expected volatility – 167.38%; and expected dividends – nil. The fair value of $22,812 for finders' warrants was allocated to deferred financing costs.

(Expressed in Canadian dollars)

12. WARRANTS (continued)

On December 27,2019, the Company issued 100,000 warrants through a non-brokered placement offering of the B Convertible Debenture Units (Note 9). Each warrant entitles the holder to purchase one common share at a price of $0.25 per common share with an expiry date of December 27, 2023. The fair value of the warrants, calculated using the valuation technique, the Black Scholes Option Pricing Model, was $5,392. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.63%; expected life – 4 year; expected volatility – 167.23%; and expected dividends – nil. The fair value of $5,392 for finders' warrants was allocated to deferred financing costs.

Continuity of the Company's share purchase warrants (excluding broker/finder warrants) is as follows:

	Number	Weighted average exercise price
Balance, April 30, 2019	38,873,762	$0.20
Issued -May 6, 2019	504,000	$0.25
Issued -May 31, 2019	393,500	$0.25
Issued -June 26, 2019	510,125	$0.25
Issued -July 9, 2019	388,250	$0.25
Issued -July 16, 2019	765,000	$0.25
Issued -October 25, 2019	25,000	$0.25
Issued -October 31, 2019	227,500	$0.25
Issued -November 14, 2019	150,000	$0.25
Issued -December 5, 2019	218,500	$0.25
Issued -December 19, 2019	200,000	$0.25
Issued -December 27, 2019	100,000	$0.25
*Adjustment January 31, 2020	4,341,758	$0.16
Balance, January 31, 2020	46,697,395	$0.180

*The warrant adjustment is an adjustment to the outstanding BJK warrants. The above warrants have a weighted average remaining life of 2.4 years.

As at January 31, 2020, the Company had share purchase warrants (excluding broker/finder warrants) outstanding enabling holders to acquire the following:

Number of warrants	Exercise Price per Share ($)	Expiry Date
6,726,200	0.20	December 17,2021
2,076,923	0.20	December 20,2021
3,845,884	0.20	February 11,2022
113,998	0.20	April 18,2022
504,000	0.25	May 6, 2023
393,500	0.25	May 31, 2023
510,125	0.25	June 26, 2023
388,250	0.25	July 9, 2023
765,000	0.25	July 16, 2023
25,000	0.25	October 25, 2023

(Expressed in Canadian dollars)

12. WARRANTS (continued)

		October 31, 2023
227,500	0.25	
150,000	0.25	November 14, 2023
218,500	0.25	December 5, 2023
200,000	0.25	December 19, 2023
100,000	0.25	December 27, 2023
30,452,515	0.16	November 2, 2022

Notes:
1 The warrant expiry date is subject to earlier termination in the event that the market price of the Company's common shares trading on the Canadian Securities Exchange remains at $0.40 or higher for a period of twenty (20) or more days, at the option of the Company.
2 The Warrants expire on the earlier of (i) November 2, 2022 and (ii) the later of (A) November 2, 2019 and (B) 6 month following full repayment of a credit facility to BJK Holdings Ltd. but not later than 5 years from the issuance date.
3 25,000,000 Warrants were issued to BJK Holdings Ltd. (the "Lender") on November 2, 2018, however as a result of dilutive events and in accordance with the terms of the Warrants, the Lender holds 30,452,515 Warrants as at January 31, 2020, exercisable at $0.1642 per share.
4 The warrant expiry date is subject to earlier termination in the event that the market price of the Company's common shares trading on the Canadian Securities Exchange remains at $0.50 or higher for a period of five (5) or more days, at the option of the Company.

Continuity of the Company's finder/broker warrants is as follows:

	Number	Weighted average exercise price
Balance, April 30, 2019	231,000	$0.20
Issued May 6, 2019	574,667	$0.10
Issued May 31, 2019	302,667	$0.10
Issued June 26, 2019	293,666	$0.10
Issued July 9, 2019	674,667	$0.10
Issued July 16, 2019	1,093,333	$0.10
Issued October 31, 2019	25,000	$0.12
Issued November 14, 2019	300,000	$0.12
Issued December 5, 2019	330,000	$0.12
Issued December 19, 2019	400,000	$0.12
Balance, January 31, 2019	4,225,000	$0.1105

The above broker warrants have a weighted average remaining life of 3.37 years.

As at January 31,2020, the Company had finder/broker warrants outstanding enabling holders to acquire the following:

Number of warrants	**Exercise Price per Share ($)**	**Expiry Date**
231,000	0.20	December 20, 2021
574,667	0.10	May 6, 2023
302,667	0.10	May 31, 2023
293,666	0.10	June 26, 2023

(Expressed in Canadian dollars)

12. WARRANTS (continued)

674,667	0.10	July 9, 2023
1,093,333	0.10	July 16, 2023
25,000	0.12	October 31, 2023
300,000	0.12	November 14, 2023
330,000	0.12	December 5, 2023
400,000	0.12	December 19, 2023

13. STOCK OPTIONS AND RESTRICTED SHARE UNITS

The Company adopted an incentive stock option plan (the "Option Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares of the Company. Following the Annual General and Special Meeting of the shareholders of the Company held on October 26, 2017 (the "2017 AGSM"), pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 9.5% of the issued and outstanding common shares of the Company at the time of approval of the Option Plan. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

Following the 2017 AGSM, the Company adopted a Restricted Share Unit plan (the "RSU Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable Restricted Share Units ("RSUs"). The maximum number of RSUs will not exceed 6.3% of the issued and outstanding common shares of the Company at the time of approval of the RSU Plan. Vesting terms will be determined at the time of grant by the Board of Directors but will in no event exceed three (3) years.

At the Annual General and Special Meeting of the shareholders of the Company held on October 29, 2019 (the "2019 AGSM"), the Company sought and obtained the approval of the shareholders to amend the Option Plan (the "Amended Option Plan") and the RSU Plan (the "Amended RSU Plan", together with the Amended Option Plan, collectively the "Amended Plans") from "fixed" plans to "rolling" plans, such that 10% of the issued and outstanding common shares of the Company will at all times be collectively reserved for issuance for the Amended Plans, divided such that 4% of the issued and outstanding common shares will be reserved under the Amended RSU Plan and 6% of the issued and outstanding common shares will be reserved for issuance under the Amended Stock Option Plan.

On November 7, 2016, the Company granted 5,500,000 stock options to employees, consultants, directors and officers under its Stock Option Plan at an exercise price of $0.10 per share exercisable at any time on or before November 7, 2019. The fair value of these stock options is determined to be $203,024 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rate of 1.14%, expected life of 3 years, forfeiture rate of 0%, expected volatility of 225.74% and a dividend rate of 0%. These options expired on November 7, 2019.

(Expressed in Canadian dollars)

13. STOCK OPTIONS AND RESTRICTED SHARE UNITS (continued)

On January 12, 2018, the Company granted 4,740,000 stock options to employees, consultants, directors and officers under its Stock Option Plan at an exercise price of $0.25 per share exercisable at any time on or before January 12, 2021. The fair value of these stock options is determined to be $948,447 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rate of 1.80%, expected life of 3 years, forfeiture rate of 0%, expected volatility of 263.82% and a dividend rate of 0%.

Continuity of the Company's option is as follows:

	Number	Weighted Average exercise Price
Balance January 31, 2019	10,240,000	$0.17
Expired -November 7, 2019	(5,500,000)	$0.10
Balance January 31, 2019	4,740,000	$0.25

*Options exercisable as at January 31, 2020 – 4,740,000
The above stock options have a weighted average remaining life of 0.95 years.

As at January 31, 2020, the Company had options outstanding enabling holders to acquire the following:

Number of options	Exercise Price per Share($)	Expiry Date
4,740,000	0.25	January 12, 2021

On January 12, 2018, the Company issued 4,750,000 RSU's under its Restricted Share Unit ("RSU") plan as compensation to certain directors, officers and employees. On each applicable vesting date, each RSU allows the holder, at the option of the Company, to either acquire common shares of the Company equal to the value of the RSUs as at the date of vesting or be paid the monetary value of the RSUs as at the date of vesting, subject to applicable withholding taxes. At the time of grant, the outstanding RSUs were to vest over two or three years, depending on the holder. In the month of January, 2019, the Company and the holders agreed to amend the vesting schedule of the outstanding RSUs On January 16, 2020, 1,500,000 RSUs vested as part of the amended vesting in connection to the termination of an employment agreement. Aside from these 1,500,000 RSUs, in January 2020, the Company and the remaining holders agreed to a second amendment to the vesting schedule of the Outstanding RSU's.

The updated schedule and amended vesting dates are as follows:

# of RSU	Vesting Date
1,625,000	16-Apr-20
1,625,000	12-Jan-21
3,250,000	

The grant date fair value of the RSUs is $973,750 and is based on the market price of the Company's common shares at the effective date of January 12, 2018. The amount originally calculated to be recognized proportionally over the full vesting period: year one $637,710, year two $261,877 and year

(Expressed in Canadian dollars)

13. STOCK OPTIONS AND RESTRICTED SHARE UNITS (continued)

three $74,163. With the amendment of the vesting dates, the amount of fair value of RSUs should be recognized as at January 31, 2020 was $837,589. For the nine months ended January 31, 2020 the Company recorded $243,314 (2019-$462,649) of expense related to the RSU's as management fees. As at January 31, 2020, 1,500,000 common shares of the Company were issued and outstanding in respect to the RSUs at a value of $307,500 based on fair value on the grant date.

14. RELATED PARTY TRANSACTIONS

Management compensation for the executive management/officers and directors during the nine months ended January 31, 2019 and 2020 are disclosed as below:

9 months ended January 31, 2020

		Consulting fees Paid	Gross Salaries Paid	Stock Options Shares Based Compensation	RSU Shares Based Compensation	Total
Don Allan	**CEO & Director**	$ -	$ 249,231	$ -	$ 156,767	$ 405,998
Shannon Wyzykoski	**CFO**	$ 104,575	$ -	$ -	$ -	$ 104,575
		$ 104,575	$ 249,231	$ -	$ 156,767	$ 510,573

9 months ended January 31, 2019

		Consulting fees Paid	Gross Salaries Paid	Stock Options Shares Based Compensation	RSU Shares Based Compensation	Total
Don Allan	**CEO & Director**	$ -	$ 249,231	$ -	$ 252,354	$ 501,585
Shannon Wyzykoski	**CFO**	$ 117,980	$ -	$ -	$ -	$ 117,980
Chris Dovbniak[1]	**Director**	$ 5,787	$ -	$ -	$ -	$ 5,787
Robin Ray	**Director**	$ 2,500	$ -	$ -	$ -	$ 2,500
Michael Yeung	**Officer- VP-Business Development and Capital Markets**	$ -	$ 92,308	$ -	$ 189,266	$ 281,574
		$ 126,267	$ 341,539	$ -	$ 441,620	$ 909,426

(1) Technical consulting fees paid with respect to the construction in progress.

Office expense of $1,704 (2019 - $2,964), salaries and benefits of $42,254 (2019 - $38,447), rent expense of $8,190 (2019 - $8,420) and telephone expense of $613 (2019 - $632) were charged back to 1888711 Alberta Inc., a company related by officers and directors. A balance of $78,058 (2019 $6,747) is owed by 1888711 Alberta Ltd. and is included in GST and Other receivable.

Transactions with related parties have been recorded at their exchange amounts, being the amounts agreed to and by the related parties.

(Expressed in Canadian dollars)

14. RELATED PARTY TRANSACTIONS

Accounts payable and accrued liabilities balances at January 31, 2020 outstanding to the CEO of the Company in the amount of $53,917(2019 – $32,143).

Accounts payable and accrued liabilities balances at January 31, 2020 outstanding to a company owned by the CFO in the amount of $66,202 (2019 - $33,814). In the nine months ending January 31, 2020, the Company issued 30 2019 A Convertible Debenture Units (Note 9) and 15 B Convertible Debenture Units in exchange for a total of $45,000 of accounts payable owed to this company.

A director of the Company received $Nil in fees (2019 - $5,787) as payment for services provided with construction of the Company's refinery in Aldersyde, Alberta.

A director of the Company received $Nil in fees (2019 - $2,500) as payment for professional services provided.

Also, refer to Notes 8, 11, 12 and 13 for other related party transactions.

15. COMMITMENTS

Pursuant to the termination of an executive employment agreement in the nine-month period ended January 31, 2020, the Company's future minimum operating cost payments as at January 31, 2020 are as follows:

2020	$	110,769
2021		120,000
2022		80,769
	$	311,538

16. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further develop its technology and begin operations. To secure the additional capital necessary to pursue these plans, the Company raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator. The Company has not changed its approach in managing its capital during the year ending January 31, 2020.

17. FINANCIAL INSTRUMENTS

Risk Management
The Company's financial instruments consist of cash, other receivable, accounts payable and accrued liabilities and short-term loans payable; the fair values of which are considered to approximate their carrying value due to their short-term maturities or ability of prompt liquidation. The long-term loan payables and convertible debentures were accounted for at amortized cost using the effective interest rate method with the effective interest rate of 12% to 18% per annum.
The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Strategic and operational risks are risks that arise if the Company fails to develop a renewable fuel refinery and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. Therefore, the Company believes that there is minimal exposure to credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2020, the Company had cash balance of $160,524 and working capital deficit of $4,236,899. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short term and long-term cash requirement.

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. For every one % change in the prime borrowing rate in Canada, the impact to the Company's financial statements for the period ending January 31, 2020 is not significant.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Therefore, the Company's exposure to currency risk is minimal.

Fair value
The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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

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

The following is an analysis of the Company's financial assets measured at fair value as at January 31, 2020 and 2019:

(Expressed in Canadian dollars)

17. FINANCIAL INSTRUMENTS (continued)

	As at January 31, 2020		
	Level 1	**Level 2**	**Level 3**
	$	$	$
Cash	160,524	-	-

	As at January 31, 2019		
	Level 1	**Level 2**	**Level 3**
	$	$	$
Cash	26,495	-	-

18. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the refining of municipal and construction waste into a renewable diesel fuel in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.

19. SUBSEQUENT EVENTS

On February 7, 2020, the Company announced the closing of 69 B Convertible Debenture Units pursuant to the B Convertible Debenture offering for gross proceeds of $690,000 at $1,000 per B Convertible Debenture Unit (see Note 9 for additional details of the B Convertible Debenture Offering. The Company later announced a correction to the details of this tranche as 49 B Convertible Debenture Units were issued for gross proceeds of $490,000.

On March 3, 2020, the Company announced the closing of 100 B Convertible Debenture Units pursuant to the B Convertible Debenture Offering for gross proceeds of $100,000 at $1,000 per B Convertible Debenture Unit (see Note 9 for additional details of the B Convertible Debenture Offering).

On March 3, 2020, the Company also announced the appointment of Shawn Frenette as Chief Financial Officer.