



Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

(Audited)

Management's Responsibility for Financial Reporting

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, which includes making significant accounting judgments and estimates in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and ensuring that all information in the annual report is consistent with the consolidated financial statements, selecting appropriate accounting principles and methods, and making decisions that affect the measurement of transactions.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP, an independent partnership of Chartered Professional Accountants, has been appointed by the shareholders to audit the consolidated financial statements as at December 31, 2020 and for the year then ended and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

On behalf of EnviroLeach Technologies Inc.

/s/ Duane Nelson

Duane Nelson
Chief Executive Officer

/s/ Nathalie Pilon

Nathalie Pilon
Chief Financial Officer

Vancouver, BC
April 30, 2021

Independent Auditor's Report

To the Shareholders of EnviroLeach Technologies Inc:

Opinion

We have audited the consolidated financial statements of EnviroLeach Technologies Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of Financial Position as at December 31, 2020, and the Consolidated Statements of Loss and Comprehensive Loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 5 to the consolidated financial statements, which explains that certain comparative information presented:

- for the year ended December 31, 2019 has been restated.
- as at January 1, 2019 has been derived from the consolidated statement of financial position as at December 31, 2018 (not presented herein).

Our opinion is not modified in respect of this matter.

The consolidated financial statements for the years ended December 31, 2019 and 2018 (not presented herein but from which the comparative information as at January 1, 2019 has been derived), excluding the adjustments that were applied to restate certain comparative information were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 29, 2020 and April 24, 2019 respectively.

As part of our audit of the consolidated financial statements for the year ended December 31, 2020, we also audited the adjustments that were applied to restate certain comparative information:

- for the year ended December 31, 2019
- as at January 1, 2019.

In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review, or apply any procedures to the consolidated financial statements:

- for the year ended December 31, 2019
- for the year ended December 31, 2018 (not presented herein)
- as at January 1, 2019

Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a loss during the year ended December 31, 2020 and, as of that date, had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ronald D. Miller.

Vancouver, British Columbia

April 30, 2021

MNP LLP
Chartered Professional Accountants

EnviroLeach Technologies Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2020	December 31, 2019 <i>Restated</i> <i>(Note 5)</i>	January 1, 2019 <i>Restated</i> <i>(Note 5)</i>
Assets			
Current assets			
Cash	\$ 5,511,314	\$ 688,848	\$ 3,917,244
Trade and other receivables (Note 6)	232,694	429,880	366,273
Inventories (Note 7)	800,193	1,212,808	1,688,191
Assets held for sale (Note 8)	366,966	477,290	-
Prepaid expenses and deposits	252,704	108,786	23,778
	7,163,871	2,917,612	5,995,486
Non-current assets			
Investment in Group 11 (Note 9)	700,124	-	-
Intangible assets (Note 10)	4,372,499	5,032,239	5,636,213
Plant and equipment (Note 10)	4,330,433	5,071,895	4,155,634
	9,403,057	10,104,134	9,791,847
Total assets	\$ 16,566,928	\$ 13,021,746	\$ 15,787,333
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities (Note 11)	\$ 1,048,974	\$ 427,308	\$ 192,321
Due to (from) related parties (Note 12)	202,682	317,761	183,339
Loan payable (Notes 13 and 17)	40,000	250,000	819,672
Lease liabilities (Note 14)	247,623	325,221	340,571
Advance royalty payable (Note 15)	45,549	46,464	48,805
	1,584,828	1,366,754	1,584,708
Non-current liabilities			
Lease liabilities (Note 14)	60,955	131,285	400,840
Advance royalty payable (Note 15)	486,842	543,097	619,247
	547,797	674,382	1,020,087
Total liabilities	2,132,625	2,041,135	2,604,795
Equity			
Share capital (Note 16)	29,447,944	23,756,237	18,724,590
Reserves (Note 16)	7,745,476	4,551,104	2,002,248
Contributed surplus (Note 9)	750,000	-	-
Accumulated deficit	(24,630,185)	(18,510,150)	(8,524,368)
Equity attributable to shareholders	13,313,235	9,797,191	12,202,470
Non-controlling interest	1,121,068	1,183,420	980,068
Total equity	14,434,303	10,980,611	13,182,538
Total liabilities and shareholders' equity	\$ 16,566,928	\$ 13,021,746	\$ 15,787,333

Going concern (Note 1) and Commitments (Note 25)

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

These audited consolidated financial statements were approved by the Board of Directors of EnviroLeach Technologies Inc. on April 30, 2021:

/s/ Duane Nelson

/s/ Court Anderson

EnviroLeach Technologies Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2020 and 2019
(Expressed in Canadian dollars)

	December 31, 2020	December 31, 2019 <i>Restated (Note 5)</i>
Revenues	\$ 816,785	\$ 370,753
Expenses		
Operating costs	(1,335,483)	(2,147,023)
Management and Employee costs	(1,234,899)	(1,734,685)
General and administration (Note 18)	(1,378,754)	(1,146,232)
Share-based payments (Note 16)	(1,029,580)	(2,686,003)
	(4,978,716)	(7,713,943)
Loss before other items	(4,161,931)	(7,343,190)
Other items		
Interest income	2,778	98,305
Interest and financing costs	(75,454)	(296,293)
Amortization (Note 10)	(1,938,895)	(1,740,606)
Loss on disposal of assets	(85,189)	(114,631)
Write-down of assets	(111,523)	(1,810,992)
Unrealised loss on investment in associate (Note 9)	(49,876)	-
Expected credit loss (Note 25)	(350,292)	-
Foreign exchange	(60,848)	168,547
	(2,669,299)	(3,695,670)
Loss and comprehensive loss	(6,831,230)	(11,038,860)
Loss and comprehensive loss attributable to:		
Shareholders	(6,120,035)	(9,985,782)
Non-controlling interest	(711,195)	(1,053,078)
	\$ (6,831,230)	\$ (11,038,860)
Net loss per common share, basic and diluted	(0.093)	(0.161)
Weighted-average number of common shares outstanding, basic and diluted	73,623,393	68,440,192

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

EnviroLeach Technologies Inc.
Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars, except for number of shares amount)

	Share capital		Reserves		Contributed surplus	Accumulated deficit	Non-controlling interest	Total Equity
	Shares #	Amount	Share-based payments	Warrants				
Balance, January 1, 2020	70,667,000	\$ 23,756,237	\$ 4,551,104	\$ -	\$ -	\$ (18,510,150)	\$ 1,183,420	\$ 10,980,611
Private placement of units (Note 16)	21,169,002	5,567,621	-	2,287,880	-	-	-	7,855,501
Share issuance costs (Note 16)	-	(435,296)	-	133,794	-	-	-	(301,502)
Issuance of shares for options (Note 16)	1,210,000	559,382	(256,882)	-	-	-	-	302,500
Share-based payments (Note 16)	-	-	1,029,580	-	-	-	-	1,029,580
Investment in associate (Note 9)	-	-	-	-	750,000	-	-	750,000
Equity contribution from minority shareholder	-	-	-	-	-	-	648,843	648,843
Net loss for the year	-	-	-	-	-	(6,120,035)	(711,195)	(6,831,230)
Balance, December 31, 2020	93,046,002	\$ 29,447,944	\$ 5,323,802	\$ 2,421,674	\$ 750,000	\$ (24,630,185)	\$ 1,121,068	\$ 14,434,303

	Share capital		Reserves		Contributed surplus	Accumulated deficit	Non-controlling interest	Total Equity
	Shares #	Amount	Share-based payments	Warrants				
Balance, January 1, 2019 <i>Restated (Note 5)</i>	60,817,000	\$ 18,724,590	\$ 2,002,248	\$ -	\$ -	\$ (8,524,368)	\$ 980,068	\$ 13,182,538
Exercise of warrants (Note 16)	9,425,000	4,712,500	-	-	-	-	-	\$ 4,712,500
Exercise of options (Note 16)	425,000	319,147	(137,147)	-	-	-	-	\$ 182,000
Share-based payments (Note 16)	-	-	2,686,003	-	-	-	-	\$ 2,686,003
Equity contribution from minority shareholder	-	-	-	-	-	-	1,256,430	\$ 1,256,430
Net loss for the year	-	-	-	-	-	(9,985,782)	(1,053,078)	\$ (11,038,860)
Balance, December 31, 2019 <i>Restated (Note 5)</i>	70,667,000	\$ 23,756,237	\$ 4,551,104	\$ -	\$ -	\$ (18,510,150)	\$ 1,183,420	\$ 10,980,611

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

EnviroLeach Technologies Inc.**Consolidated Statements of Cash Flows**

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

	December 31, 2020	December 31, 2019 <i>Restated</i> <i>(Note 5)</i>
Cash flows from (to) operating activities		
Net loss for the year	\$ (6,831,230)	\$ (11,038,860)
Adjustments to reconcile net loss to cash used in operating activities:		
Amortization	1,938,895	1,740,606
Loss on disposal and write-down of assets	196,712	1,796,415
Amortized interest on liabilities	65,671	257,613
Interest on due to related parties	(55,790)	234
Share-based payments	1,029,580	2,686,003
Loss related to investment in associate	49,876	-
Expected credit loss (Note 25)	350,292	-
Changes in non-cash operating working capital (Note 19)	1,205,169	(329,968)
	(2,050,825)	(4,887,957)
Cash flows to investing activities		
Disposal of right of use assets	4,166	-
Net proceeds from sale of assets held for sale	126,540	-
Acquisition of property, plant and equipment	(430,398)	(1,982,072)
	(299,692)	(1,982,072)
Cash flows from (to) financing activities		
Issuance of common shares for private placement	7,855,501	-
Share issuance costs	(301,502)	-
Shares issued for warrants	-	4,712,500
Shares issued for options	302,500	182,000
Royalty payments	(80,221)	(79,927)
Loan proceeds	40,000	-
Loan repayment	(250,000)	(750,000)
Payments of lease obligations	(383,956)	(349,188)
Advances from related parties	-	86,289
	7,182,322	3,801,674
Increase (decrease) in cash	4,831,805	(3,068,355)
Effects of foreign exchange rates on cash	(9,337)	(160,041)
Cash, beginning of year	688,848	3,917,244
Cash, end of year	\$ 5,511,316	\$ 688,848

Supplemental cash flow information (Note 19)

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

EnviroLeach Technologies Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

1. Corporate information

EnviroLeach Technologies Inc. (the Company or EnviroLeach) was incorporated under the Province of Alberta Business Company Act on October 21, 2016. On December 4, 2020, the Company enacted a continuance from the Province of Alberta into the province of British Columbia under the *Business Corporation Act* (British Columbia) and adopted new articles of incorporation.

The Company specializes in precious metal extraction processes with applications in the primary and secondary metals sectors. The Company shares are listed for trading on the Canadian Securities Exchange (CSE) under the symbol "ETI". The Company additionally trades in the United States on the OTCQB venture marketplace under the symbol "EVLLF" and on the Frankfurt Stock Exchange (FSE) under the symbol "7N2".

The Company's registered office is located at 1500, 1055 West Georgia St., Vancouver BC V6E 0B6 and its corporate head office is located at #114 - 8331 Eastlake Drive, Burnaby, BC V5A 4W2.

These audited consolidated financial statements (Financial Statements) have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company incurred a loss of \$6,831,230 for the year ended December 31, 2020 (2019 – loss of \$11,038,860 (*restated*)) and has an accumulated deficit since inception of \$24,630,185 (2019 - \$18,510,150 (*restated*)). There are several adverse conditions which create a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company has incurred operating losses since inception, is unable to self-finance operations and has significant on-going cash requirements to meet its overhead obligations. The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company's ability to raise adequate equity financing and ultimately develop profitable operations. The Company is of the view that these objectives can be met, and that the going concern assumption is appropriate. If the going concern assumption were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used, and such adjustments could be material.

Impact of COVID-19

The global transmission of COVID-19 and the related global efforts to contain its spread have resulted in international border closings, travel restrictions, significant disruptions to border operations and supply chains, as well as a significant impact on commodity prices and capital markets. We have adopted certain procedures to respond to COVID-19 and mitigate the impacts of the COVID-19 crisis that have affected us. These impacts include reduced sales as a result of supply chain disruptions and travel restrictions, increased costs from our efforts to mitigate the impact of COVID-19 and a temporary shut-down of our processing plant. We do not believe that COVID-19 has impacted any of the significant estimates or judgments used in these Financial Statements.

2. Basis of presentation

(a) Statement of compliance

These consolidated financial statements (the Financial Statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Certain comparative amounts have been reclassified to conform to the current year's presentation. The

EnviroLeach Technologies Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

accounting policies set out below were consistently applied to all periods presented unless otherwise noted. These Financial Statements were authorized for issue by the Board of Directors on April 30, 2021.

(b) Basis of measurement

These Financial Statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value as disclosed elsewhere in the notes to the financial statements.

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that may have a significant impact to the financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

These Financial Statements are presented in Canadian dollars, unless otherwise indicated.

3. Summary of significant accounting policies**(a) Basis of consolidation**

The consolidated financial statements are prepared by consolidating entities that are controlled by the Company. An entity is controlled when the company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through power over the investee. Power over an entity is the ability to exercise rights that give affect the entity's returns (relevant activities). Power may be determined on the basis of voting rights or, in the case of structured entities, other contractual arrangements. The determination of control is based on the current facts and circumstances and is continuously assessed. In some circumstances, different factors and conditions may indicate that different parties control an entity depending on whether those factors and conditions are assessed in isolation or in totality. Significant judgment is applied in assessing the relevant factors and conditions in totality when determining whether an entity is controlled. Specifically, judgment is applied in assessing whether the Company has substantive decision-making rights over the relevant activities. Controlled entities are consolidated from the date control is obtained and consolidation is ceased when an entity is no longer controlled by the Company. Non-controlling interests in subsidiaries that are consolidated is shown on the consolidated statements of financial position as a separate component of equity which is distinct from equity attributable to shareholders. The net income attributable to non-controlling interests is separately disclosed in the consolidated statements of loss and comprehensive loss.

On December 31, 2020 and 2019 the financial statements of EnviroLeach Technologies Inc. are consolidated with the accounts of the joint venture project with Mineworx Technologies Ltd. (Mineworx) in which the Company is the operator and has control over the decision-making process. The portion attributable to Mineworx is 20% and recorded as non-controlling interest. This determination was made after an analysis of IFRS 10 (Consolidated Financial Statements) and the terms of the agreement with Mineworx.

(b) Functional and presentation currencies and foreign currency translation

The functional currency of the Company is determined using the currency of the primary economic environment in which the Company operates, the Canadian dollar. The presentation currency is also the Canadian dollar.

In preparing the financial statements of the Company, transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at rates prevailing at the reporting dates and are recognized in profit and loss in the period in which they arise. Non-monetary items that are measured

EnviroLeach Technologies Inc.
Notes to the Consolidated Financial Statements
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in terms of historical cost in a foreign currency are not retranslated.

(c) Cash and cash equivalents

Cash and cash equivalents include cash in interest-bearing accounts with high credit quality financial institutions and other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. As at December 31, 2020, the Company had cash and cash equivalents of \$5,511,314 (2019 - \$688,848).

(d) Inventories

Inventories include unprocessed electronic waste (E-waste), E-waste in circuit, processed E-waste and consumables inventories, and inventory of parts and spare parts for the plant. All inventories are measured at the lower of cost and net realizable value in accordance with IAS 2 and consist of materials and supplies to be consumed in operating and research activities. The cost of inventories is based on weighted average cost formula, and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. The cost of conversion is calculated based on the standard allocation of the direct labour and fixed and variable overheads incurred in converting the raw materials to finished goods. When inventories are sold the cost are expensed in the period the revenue is recognized.

(e) Assets held for sale

The Company has accounted for assets held for sale in accordance with IFRS 5. Items classified as assets held for sale are non-current assets and liabilities that will be recovered principally through a sale transaction rather than continual use. This condition is satisfied when the asset is available for immediate sale in its present condition, management is committed to the sale, and it is highly probable to occur within one year. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell and if significant, are presented separately from other assets on our Consolidated Statements of Financial Position.

(f) Intangible assets, plant and equipment

Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation and impairment losses, if any. Costs directly attributable to the acquisition or construction of plant and equipment are also capitalized as part of the costs. Repairs and maintenance are charged to the consolidated statement of loss during the financial period in which they are incurred. Upon retirement, disposal or destruction of an asset, the cost and related depreciation are removed from the accounts and any gain or loss is included in the consolidated statement of loss.

Technology

Technology assets are the costs of acquiring rights to proprietary environmentally friendly technologies for the concentration and extraction of valuable metals from mining and environmental waste/reclamation industries. The expected future economic benefits support the carrying value, which will be amortized over its estimated useful life, expected to be 10 years. These assets are tested for impairment if events or circumstances indicate that the assets might be impaired.

Depreciation

Depreciation is based on estimated useful lives of the assets on a straight-line basis, as follows:

EnviroLeach Technologies Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

Plant and equipment	7 to 10 years
Office	3 to 5 years
Computers	3 years
Technology	10 years
Patents	Life of patent (20 years)

The assets' residual values, method of depreciation and useful lives are reviewed and adjusted, if appropriate, at least annually.

(g) Leases

In accordance with IFRS 16, as of January 1, 2018, at the commencement date of a lease, the Company recognizes a lease liability and an asset representing the right to use the underlying asset during the lease term (i.e. the "right-of-use" asset) unless the underlying asset has a low value or the lease term is twelve months or less, which are expensed in the period incurred. At this date, the right-of-use asset is measured at cost, which includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. The right-of-use asset is then amortized using the straight-line method from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. The right-of-use asset may also be reduced for any impairment losses, if any.

At the lease commencement date, the lease liability is measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate, which is the rate the Company would pay for similar assets at similar locations over a similar term. The lease liability is measured at amortized cost using the effective interest method.

The lease liability is re-measured when there is a change in future lease payments due to a change in an index or rate, a change in the Company's estimate of an amount payable under residual value guarantee, or if there is a change in the assessment of whether the Company will exercise a purchase, termination or extension option. When the lease liability is re-measured, a corresponding adjustment is made to the right-of-use asset or recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(h) Revenue recognition

The Company derives revenue from the sale of precious metals in a concentrate or pure form, licensing fees and consulting fees. In accordance with IFRS 15, the Company recognizes revenue using the following 5 steps:

1. Identify that a contract exists
2. Identify performance obligations
3. Determine price
4. Allocate price to performance
5. Recognize performance is completed

Until such time when commercial production is reached, pre-commercial production revenue is accounted for as a reduction of plant under development within plant and equipment.

Revenue streams are as follows:

EnviroLeach Technologies Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

Sales of precious metals

The Company sells precious and other metals to smelters for final transformation into investment grade precious metals or commercial grade base metals. These smelters have over-arching agreements that govern how materials flows will be accounted for at the point of sale. The sale is recorded when the risk and rewards of ownership is passed on to the smelting companies, which is the date that they acknowledge receipt of the goods via waybill or bill of lading. The transaction price is determined over time, with provisional payments based on the market value of the marketable metals at the time of delivery (using the previous months average price) and adjusted at time of the final settlement. As the Company does not use forward contracts, there is provisional adjustments to the price received from the sale of materials for up to 6 months after initial shipment.

Sales of intellectual property

The Company sells intellectual property, processes, and patented knowledge in the form of licenses, territories and/or exclusivity agreements. The transaction price is determined with the customer prior to contract signature for an effective date in the future. Control is transferred when both the effective date of the contract has passed and there is no further ongoing involvement of management in the use of the intellectual property.

Consulting services

The services are sold to companies operating in the E-waste and/or mining sectors and primarily relate to the design and implementation of the Company's intellectual property, catered to the client's needs. Services rendered are measured either using time as the basis for measurement, or achievement of pre-determined milestones. As the benefit is consumed when the service is rendered, control transfers and the performance obligation is met at time of production.

(i) Impairments***Financial assets at amortized cost***

At each reporting date, the Company assesses whether there has been a significant increase in credit risk that would provide objective evidence that a financial asset at amortized cost is impaired. The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

Non-financial assets

At each reporting date, the Company reviews its intangible assets, plant and equipment at the cash generating unit ("CGU") level to determine whether there is any indication that these assets are impaired. If any such indication exists, the recoverable amount of the relevant CGU is estimated in order to determine the extent of impairment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company's CGU is its plant and proprietary technology for the extraction of precious metals for the mining and E-waste sectors.

Impairment of a CGU is assessed when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount, being the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows associated with the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For fair value less costs to sell, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. Discounted cash

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flow techniques require management to make estimates and assumptions concerning future production revenues and expenses. The determination of discounted cash flows is dependent on many factors, including future metal prices, production schedules, production costs, sustaining capital expenditures and plant closure and site rehabilitation costs. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized in profit and loss.

Impairment losses recognized in prior periods 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 had been a change in the estimates used to determine the recoverable amount. If an impairment is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods.

(j) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of past events for which it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the present value of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

(k) Income taxes

Income tax expense consists of current and deferred income taxes based on taxable profits. Current and deferred income taxes are included in profit and loss except to the extent that they relate to a business combination or items recognized directly in equity or other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income (loss) for the current period and any adjustment to income taxes payable or receivable in previous periods. Current income taxes are determined based on enacted or substantively enacted tax rates and laws at the end of the current financial reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income taxes are determined using the liability method where there are differences between the carrying amounts and tax bases of assets and liabilities, and unused tax losses and credits. Deferred tax liabilities and assets are measured by applying tax rates that are expected to apply when the amounts are realized or settled respectively, based on enacted or substantively enacted tax rates and laws at the end of the current financial reporting year. 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 realized and is later reduced if the Company determines it is no longer probable to be realized. The Company has not currently recognized any deferred tax assets or liabilities. In particular, no deferred tax asset has been recognized in respect of tax loss carry-forwards or deductible temporary differences as it is not probable at the end of the financial reporting year that future taxable profits will be available such that a tax asset can be realized.

(l) Government assistance

Amounts received or receivable resulting from government assistance programs are recognized where there is

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reasonable assurance that the amount of government assistance will be received, and all attached conditions will be complied with. When the amount relates to an expense item, it is recognized as a reduction against the costs that it is intended to compensate. When the amount relates to an asset, it reduces the carrying amount of the asset and is then recognized as income over the useful life of the depreciable asset by way of a reduced depreciation charge.

(m) Share-based compensation

The Company has a share-based compensation plan described in Note 16. Compensation costs are measured at the grant date based on the fair value of the award and are recognized on a graded basis over the vesting period in profit and loss, with a corresponding increase to reserves. Upon exercise, common shares are issued from treasury and the amount reflected in reserves is credited to share capital, as adjusted for any consideration paid.

The Black-Scholes option pricing model is used to determine the fair value of new grants. This model incorporates subjective assumptions, including volatility and expected life. At the end of each reporting period, the Company reviews and adjusts the amount recognized as an expense based on the number of options expected to vest. The impact of the revision, if any, is recognized in profit and loss, with a corresponding adjustment to reserves.

Options issued to non-employees are measured based on the fair value of the services received at the date of receiving those services. If the fair value of the goods or services cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

(n) Share capital

The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issuance of common shares are shown in equity as a deduction from the proceeds of issuance.

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The relative fair value of the share component is credited to share capital and the relative fair value of the warrant component is credited to reserves. Upon exercise of warrants, consideration paid by the warrant holder together with the amount previously recognized in reserves is recorded as an increase to share capital. Upon expiration of warrants, the amount applicable to warrants expired is recorded as an increase to share capital.

(o) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) by the weighted-average number of outstanding common shares for the year.

Diluted earnings (loss) per share is computed by dividing the net income (loss) attributable to the common shareholders of the Company by the weighted-average number of outstanding common shares for the year including all additional common shares that would have been outstanding if potentially dilutive equity instruments were converted to common shares. The weighted average number of common shares used to calculate the dilutive effect assumes that the proceeds that could be obtained upon exercise of stock options would be used to purchase common shares at the average market price during the period.

In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options would be anti-dilutive.

(p) Comprehensive income (loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and

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represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. For the years presented, comprehensive loss was the same as net loss.

(q) Non-controlling interest

Non-controlling interest represents equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and other comprehensive income is recognized directly in equity even if the results of the non-controlling interest have a deficit balance.

The Company recognizes transactions with non-controlling interest as transactions with equity shareholders. Changes in the Company's ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions.

(r) Financial instruments

On initial recognition, a financial asset is classified as: amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification of financial assets is made in accordance with their contractual cash flow characteristics and the business models under which they are held.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit and loss. Gains or losses on equity financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company's financial assets are cash, trade and other receivables.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current or non-current based on their maturity dates.

Financial assets at FVTPL

Financial assets at FVTPL are initially recognized at fair value and transaction costs are expensed in profit and loss. Realized and unrealized gains and losses arising from changes in fair value of the financial asset held at FVTPL are included in profit and loss in the period in which they arise. Derivatives are also recognized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investment in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit and loss following the derecognition of the investment.

Financial Liabilities

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provision of the instrument. The Company derecognizes a financial liability when its contractual

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obligations are discharged or cancelled, or they expire.

Financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to their initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial liabilities are its accounts payable and accrued liabilities, due to related parties, lease liabilities, advance royalty payable and loan payable. Financial liabilities are classified as current or non-current based on their maturity dates.

(s) Investments in associates

Our investments in associated corporations and limited partnerships over which the Company has significant influence are accounted for using the equity method. The equity method is also applied to interests in joint ventures over which joint control has been established. Under the equity method of accounting, investments are initially recorded at cost, and the carrying amount is increased or decreased to recognize our share of the investee's net profit or loss, including the proportionate share of the investee's other comprehensive income (OCI), subsequent to the date of acquisition.

At December 31, 2020 the Company's Financial Statements include an investment in Group 11, held at 40% interest where the Company contributed technology assets valued at \$750,000.

4. Critical accounting estimates and judgments

The preparation of these Financial Statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual outcomes could differ from these estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which estimates are revised and in any future period affected.

Significant estimates and judgments used in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Determination of functional currency

Management has made determinations with respect to its functional currency in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates based on the primary economic environment in which the entities operate and has determined that the current functional and presentation currency is the Canadian dollar.

Impairment of non-financial assets

Assets are reviewed for an indication of impairment at each consolidated statement of financial position date upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable. This determination requires significant judgment. Factors that could trigger an impairment review of PP&E include, but are not limited to, significant negative industry or economic trends including the price of precious and base metals, decrease in market capitalization and/or deferral of capital investments.

The Company's recoverable amount measurement with respect to the carrying amount of non-financial assets is based on numerous assumptions and may differ significantly from actual recoverable amount. The recoverable amount is based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amount of non-financial assets to its carrying values. The Company's recoverable amount estimates are based on numerous assumptions such as,

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but not limited to, estimated realized metal prices, operating costs, metal recoveries, capital and site restoration expenditures, and estimated future foreign exchange rates, and may differ from actual values. These differences may be significant and could have a material impact on the Company's financial position and results of operation.

Management's estimates of future cash flows are subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur with evolving economic conditions, which may affect recoverability of the Company's non-financial assets.

Current income taxes

The Company's interpretations of underlying tax regulations may differ from those of the tax department. Judgment is required in order to determine the appropriate accounting and disclosure treatment based on the facts. To the extent that a dispute arises, management must determine whether it is probable that a tax liability exists and whether the extent of the liability may be estimated and accrued in the financial statements in addition to determining the appropriate level of disclosure regarding the dispute.

Share-based compensation related to stock options

Management assesses the fair value of stock options using the Black-Scholes option pricing model. This model requires management to make estimates and assumptions with respect to inputs including the risk-free interest rate, share price volatility and expected life of the equity-settled instruments. As well, management must make assumptions about anticipated forfeitures based on the historical actions of plan participants which may not be a true representation of future participant exercise behaviour.

The estimated useful life of equipment and technology

Management assesses the estimated useful life of equipment, technology and other long-lived assets based on best available information from markets, employees and other indicators.

Application of the effective interest method

Interest is recognized in Interest income and Interest expense in the Consolidated Statements of Income generally for all interest-bearing financial instruments using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial asset or liability to the net carrying amount upon initial recognition. Significant judgment is applied in determining the effective interest rate due to uncertainty in the timing and amounts of future cash flows.

Expected credit loss

Under IFRS 9, the Company initially recognizes expected credit losses arising from potential default over the next 12 months. The Company uses the probability of default based on the exposure at default, probability of default and loss given default to factor the expected loss.

Incremental borrowing rate

The Company cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation as the Company does not have financing transactions with third parties.

The Company estimates the IBR using observable inputs (such as market interest rates) and groups leases into their constituent categories with similar characteristics. The other significant estimates used as an input is the

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relative increase or decrease in interest rates according to prevailing market adjustments for individual categories. The two main metrics use to adjust market interest rates for categories are whether a lease is for a short or long duration, and if the asset is fixed or mobile.

5. Restatement and reclassification of prior period financial statements

The restatement of the Company's 2019 financial statements, and related disclosures, followed a review of the Company's consolidated financial statements and accounting records that was undertaken as part of the audit of the consolidated financial statements for the year ended December 31, 2020. That review resulted in revisions to accounting treatments related to certain complex accounting transactions, including the reclassification and re-measurement of certain financial instruments. The impact of the restatement on the annual financial statements was primarily non-operating in nature and relates primarily to accounting changes made to previously disclosed transactions. The accompanying restated consolidated financial statements for the year ended December 31, 2019 and as at January 1, 2019 reflect the following main adjustments for which the accounts have been restated:

(a) Convertible loan with a related party

An omission was identified upon the extinguishment of a convertible loan with a related party. The omission related to a loan feature whereby the settlement could, after March 21, 2020 be settled by the issuance of shares of the Company in lieu of cash for any outstanding principal balance. After recalculating the convertible feature, estimated benefit to the loan holders was determined to be \$nil.

Further analysis revealed that the loan was not presented in compliance with the Company's accounting policy related to loans with non-arm's length parties. The Company's accounting policy required the use of the effective interest method and as a result, the Company restated its prior periods financial results for the accretion of the interest over the term of the convertible loan. These differences resulted in a change in the present value of the convertible loan, which formed part of the basis of the cost of intangible assets, and as such, reduced the opening balance of intangible assets by \$525,020, with an increase of the accumulated deficit at January 1, 2019 of \$239,688 and an increase of the loss for the year ended December 31, 2019 of \$127,826.

The Company also reversed over accrued legal interest in relation to this note, resulting in a decrease of the accumulated deficit at January 1, 2019 and of \$62,497 and an increase of the loss for the year ended December 31, 2019 of \$234.

See the tables below, with references to restated item (a).

(b) Advance royalty payable with a related party

The Company has applied the same effective interest rate to the royalty payable that should have been in effect during the preparation of the 2017 financial statements. This has caused the present value of the royalty payable to decrease by \$319,625, with a corresponding reduction in the value of the intangible asset, since the royalty payable formed a part of the basis of the cost for intangible assets at December 31, 2017. This change resulted in a decrease of the accumulated deficit at January 1, 2019 of \$36,761 and an increase of the loss for the year ended December, 2019 of \$1,042. See the tables below, with references to restated item (b).

(c) Leases

The Company adopted the amended IFRS 16 - Leases with a date of initial application of January 1, 2019 using the modified retrospective approach. The Company recorded the cumulative effects of initial application in

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opening accumulated deficit as at January 1, 2018, the beginning of the comparative period, and restated its results for the year ended December 31, 2019. The Company also restated its consolidated statement of financial position as at January 1, 2019 and December 31, 2019. During the 2020 annual review, it was discovered that the Company had not appropriately relied upon the internal borrowing rate method to calculate the value of the lease assets. After an assessment and recalculation, the restated values of the lease obligations were as follows:

	December 31, 2019 <i>As filed</i>	December 31, 2019 <i>Restated</i>	January 1, 2019 <i>Restated</i>
Right to use assets - costs	\$ 588,722	\$ 898,097	\$ 878,818
Accumulated amortization	(135,074)	(480,189)	(157,320)
Net book value	453,648	417,908	721,498
Lease liabilities	(456,616)	(456,506)	(741,410)

This standard requires lessees to recognize a lease liability representing the obligation for future lease payments and a right-of-use asset in the consolidated statement of financial position for substantially all lease contracts, initially measured at the present value of unavoidable lease payments. Purchase, renewal and termination options which are reasonably certain of being exercised are also included in the measurement of the lease liability. Lease payment liabilities do not include variable lease payments that are not based on an index or rate.

Prior to the adoption of IFRS 16, substantially all leases were classified as operating leases based on the Company's assessment that a significant portion of the risks and rewards of ownership were retained by the lessor. Lease payments were recorded in operating costs in the consolidated statements of loss.

Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for its leases of buildings and equipment. The nature and timing of leasing expenses have changed as operating lease expenses were replaced by an amortization charge for right-of-use assets and interest expense on lease liabilities, resulting in an increase of the accumulated deficit at January 1, 2019 of \$28,573 and an increase of the loss for the year ended December 31, 2019 of \$7,057.

IFRS 16 also changed the presentation of cash flows relating to leases in the Company's consolidated statements of cash flows but did not cause a difference in the amount of cash transferred between the parties. See the tables below, with references to restated item (c).

(d) Accrued vacation

An omission was identified upon the preparation of the 2020 Financial Statements related to vacation accruals, resulting in an increase of the accumulated deficit at January 1, 2019 of \$57,380 and an increase of the loss for the year ended December, 2019 of \$38,298, with corresponding increases in accounts payable. See the tables below, with references to restated item (d).

(e) Licensing revenues and write-down of assets

In August 2017, the Company entered into an agreement with Jabil Inc. (Jabil) whereby EnviroLeach was to build a turn-key pilot scale E-waste processing plant, where Jabil was responsible for the development costs of the plant up to a maximum guaranteed price of USD 1,200,000, payable in three instalments of USD 400,000 each, due upon reaching defined milestones. Upon site acceptance, Jabil had the option to purchase any or all components of the plant at a pre-determined price or rent the plant from the Company at rate of USD 25,000

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per month. Under the same agreement, the Company granted an exclusive, non-transferable license to Jabil for the use of its technology for the payment of USD 1,000,000. During the year ended December 31, 2017, the Company received the licensing fees as well as 2 of the 3 milestones payments. The Company recorded these payments as advances, presented at \$2,455,560 and \$2,267,219 at December 31, 2018 and 2017, respectively. During the year ended December 31, 2019, the Company determined that the economically recoverable value of the Jabil assets neared zero and accordingly, after transferring \$206,331 worth of equipment to inventory to be used as spare parts, the Jabil plant was written off against the advances, recoding a loss in foreign exchange of \$ 246,927.

Under IAS 18, and as per the Company's revenue policy, the licensing fees should have been recognized as revenues during the year ended December 31, 2017, while the two milestone payments should have been recorded against the cost of the assets in 2018, effectively lowering the carrying cost of the plant. Finally, an impairment charge should have been recorded during the year ended December 31, 2019. The Company restated its accounts as follows:

- Recorded revenues of \$1,298,800 during the 2017 fiscal year
- Allocated \$1,091,360 of advances as a reduction of the plant costs and recorded \$65,400 in foreign exchange gain during the 2018 fiscal year
- Recorded an impairment charge of \$1,493,407 and a gain on foreign exchange of \$129,207 during the fiscal year ended December 31, 2019

These adjustments have resulted in a decreased in the accumulated deficit at January 1, 2019 of \$1,364,200, and a corresponding increase of the loss for the year ended December 31, 2019. See the tables below, with references to restated item (e).

(f) Reclassifications

The Company identified certain reclassifications related to inventories and prepaid expenses as of December 31, 2019. These classifications were related to the Jabil arrangement as well as inventories in the Surrey Plant. The Company assessed the materiality of the differences and determined the adjustments were material to the consolidated financial statements.

The following tables summarize the effects of the reclassifications and restatements, including the tax effect of the items described above. See the tables below, with references to restated item (f).

The Company also reclassified certain balances to conform to the current year presentation.

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	<i>As originally filed</i>	<i>Restatement</i>		<i>Reclassifications</i>	<i>Restated</i>
Assets					
Current assets					
Cash	\$ 3,917,244	-		-	\$ 3,917,244
Trade and other receivable	366,273	-		-	366,273
Inventories	1,688,191	-		-	1,688,191
Assets held for sale	-	-		-	-
Prepaid expenses and deposits	23,778	-		-	23,778
	5,995,486	-		-	5,995,486
Non-current assets					
Intangible assets	6,311,928	(675,715)	a, b	-	5,636,213
Plant and equipment	4,947,606	(791,972)	c, e	-	4,155,634
	11,259,534	(1,467,687)		-	9,791,847
Total assets	\$ 17,255,020	(1,467,687)		-	\$ 15,787,333
Liabilities and equity					
Current liabilities					
Accounts payable and accrued liabilities	\$ 134,941	57,380	d	-	\$ 192,321
Due to (from) related parties	245,836	(62,497)	a	-	183,339
Loan payable	1,000,000	(180,328)	a	-	819,672
Advances	2,455,560	(2,455,560)	e	-	-
Lease liabilities	169,155	-		171,416	340,571
Advance royalty payable	68,745	-		(19,940)	48,805
	4,074,237	(2,641,005)		151,476	1,584,708
Non-current liabilities					
Lease liabilities	244,295	327,961	c	(171,416)	400,840
Advance royalty payable	891,768	(292,461)	b	19,940	619,247
	1,136,063	35,500		(151,476)	1,020,087
Total liabilities	5,210,300	(2,605,505)		-	2,604,795
Equity					
Share capital	18,724,590	-		-	18,724,590
Reserves	2,002,248	-		-	2,002,248
Accumulated deficit	(9,391,677)	867,309	a, b, c, e	-	(8,524,368)
Equity attributable to shareholders	11,335,161	867,309		-	12,202,470
Non-controlling interest	709,559	270,509		-	980,068
Total equity	12,044,720	1,137,818		-	13,182,538
Total liabilities and shareholders' equity	\$ 17,255,020	(1,467,687)		-	\$ 15,787,333

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Consolidated Statements of Financial Position	December 31, 2019	January 1, 2019		December 31, 2019		December 31, 2019	December 31, 2019
	<i>As originally filed</i>	<i>Restatement</i>		<i>Restatement</i>		<i>Reclassifications</i>	<i>Restated</i>
Assets							
Current assets							
Cash	\$ 688,848	-		-		-	\$ 688,848
Trade and other receivable	429,880	-		-		-	429,880
Inventories	444,130	-		-		768,678 f	1,212,808
Assets held for sale	477,290	-		-		-	477,290
Prepaid expenses and deposits	854,735	-		-		(745,949) f	108,786
	2,894,883	-		-		22,729	2,917,612
Non-current assets							
Intangible assets	5,623,489	(675,715)	a, b	84,465	a, b	-	5,032,239
Plant and equipment	5,107,636	(791,972)	c, e	756,231	c, e	-	5,071,895
	10,731,125	(1,467,687)		840,696		-	10,104,134
Total assets	\$ 13,626,008	(1,467,687)		840,696		22,729	\$ 13,021,746
Liabilities and equity							
Current liabilities							
Accounts payable and accrued liabilities	\$ 308,901	57,380	d	38,298	d	22,729 f	\$ 427,308
Due to (from) related parties	380,024	(62,497)	a	234	a	-	317,761
Loan payable	250,000	(180,328)	a	180,328	a	-	250,000
Advances	-	(2,455,560)	e	2,455,560	e	-	-
Lease liabilities	302,652	-		-		22,569	325,221
Advance royalty payable	65,449	-		-		(18,985)	46,464
	1,307,026	(2,641,005)		2,674,420		26,313	1,366,754
Non-current liabilities							
Lease liabilities	153,964	327,961	c	(328,071)	c	(22,569)	131,285
Advance royalty payable	783,568	(292,461)	b	33,005	b	18,985	543,097
	937,532	35,500		(295,066)		(3,584)	674,382
Total liabilities	2,244,558	(2,605,505)		2,379,354		22,729	2,041,135
Equity							
Share capital	23,756,237	-		-		-	23,756,237
Reserves	4,551,104	-		-		-	4,551,104
Accumulated deficit	(18,115,599)	867,309	a, b, c, d, e	(1,261,860)	a, b, c, d, e	-	(18,510,150)
Equity attributable to shareholders	10,191,742	867,309		(1,261,860)		-	9,797,191
Non-controlling interest	1,189,708	270,509		(276,797)		-	1,183,420
Total equity	11,381,450	1,137,818		(1,538,657)		-	10,980,611
Total liabilities and shareholders' equity	\$ 13,626,008	(1,467,687)		840,696		22,729	\$ 13,021,746

EnviroLeach Technologies Inc.
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Consolidated Statement of Loss and Comprehensive Loss	FYE 2019	FYE 2019	FYE 2019	FYE 2019
	<i>As originally filed</i>	<i>Restatement</i>	<i>Reclassifications</i>	<i>Restated</i>
Revenues	\$ 370,753	-	-	\$ 370,753
Expenses				
Processing	(138,136)	208,678 c	(70,542)	-
Operating	(259,205)	-	(1,887,818)	(2,147,023)
Material	(202,768)	-	202,768	-
Management and Employee costs	-	(38,298) d	(1,696,387)	(1,734,685)
Research and development	(673,814)	-	673,814	-
Interest and financing costs	(93,951)	-	93,951	-
Project development	(1,081,778)	-	1,081,778	-
General and administration (i)	(3,001,401)	47,195 c	1,807,974	(1,146,232)
Share-based payments	(2,686,003)	-	-	(2,686,003)
	(8,137,056)	217,575	205,538	(7,713,943)
Loss before other items	(7,766,303)	217,575	205,538	(7,343,190)
Other items				
Interest income	98,307	-	(2)	98,305
Interest and financing costs	-	(202,342) a, b, c	(93,951)	(296,293)
Other income	111,587	-	(111,587)	-
Amortization	(1,564,450)	(176,156) a, b, c	-	(1,740,606)
Loss on sale of inventory	(129,208)	-	129,208	-
(Loss) / gain on disposal of assets	14,577	-	(129,208)	(114,631)
Write down of assets	(317,585)	(1,493,407) e	-	(1,810,992)
Foreign exchange	52,872	115,673 b, e	2	168,547
	(1,733,900)	(1,756,232)	(205,538)	(3,695,670)
Loss and comprehensive loss	(9,500,203)	(1,538,657)	-	(11,038,860)
Loss and comprehensive loss attributable to:				
Shareholders	(8,723,922)	(1,261,860)	-	(9,985,782)
Non-controlling interest	(776,281)	(276,797)	-	(1,053,078)
	\$ (9,500,203)	(1,538,657)	-	\$ (11,038,860)
Net loss per common share, basic and diluted	(0.139)			(0.161)
Weighted-average number of common shares outstanding, basic and diluted	68,440,192			68,440,192

(i) General and administration	FYE 2019	FYE 2019	FYE 2019	FYE 2019
	<i>As originally filed</i>	<i>Restatement</i>	<i>Reclassifications</i>	<i>Restated</i>
Consulting fees	(90,862)	-	-	(90,862)
Promotion	(120,843)	-	120,843	-
Management and Employee costs	(1,807,974)	-	1,807,974	-
Office and general	(178,560)	47,195 c	3,192	(128,173)
Professional fees	(131,309)	-	-	(131,309)
Public company costs	(391,206)	-	(120,843)	(512,049)
Travel	(280,647)	-	(3,192)	(283,839)
	(3,001,401)	47,195	1,807,974	(1,146,232)

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Statement of Changes in Equity <i>As originally filed</i>	Share capital		Reserves		Accumulated deficit	Non-controlling interest	Total Equity
	Shares #	Amount	Share-based payments	Warrants			
Balance, January 1, 2019	60,817,000	\$ 18,724,590	\$ 2,002,248	\$ -	\$ (9,391,677)	\$ 709,559	\$ 12,044,720
Exercise of warrants	9,425,000	4,712,500	-	-	-	-	4,712,500
Exercise of options	425,000	319,147	(137,147)	-	-	-	182,000
Share-based payments	-	-	2,686,003	-	-	-	2,686,003
Equity contribution from minority shareholder	-	-	-	-	-	1,256,430	1,256,430
Net loss for the year	-	-	-	-	(8,723,922)	(776,281)	(9,500,203)
Balance, December 31, 2019	70,667,000	\$ 23,756,237	\$ 4,551,104	\$ -	\$ (18,115,599)	\$ 1,189,708	\$ 11,381,450
Restatement							
Deficit	-	-	-	-	\$ 867,309	\$ 270,509	\$ 1,137,818
Loss for the year ended December 31 2019	-	-	-	-	\$ (1,261,860)	\$ (276,797)	\$ (1,538,657)
Statement of Changes in Equity <i>Restated</i>	Share capital		Reserves		Accumulated deficit	Non-controlling interest	Total Equity
	Shares #	Amount	Share-based payments	Warrants			
Balance, January 1, 2019	60,817,000	18,724,590	2,002,248	-	(8,524,368)	980,068	13,182,538
Exercise of warrants	9,425,000	4,712,500	-	-	-	-	4,712,500
Exercise of options	425,000	319,147	(137,147)	-	-	-	182,000
Share-based payments	-	-	2,686,003	-	-	-	2,686,003
Equity contribution from minority shareholder	-	-	-	-	-	1,256,430	1,256,430
Net loss for the year	-	-	-	-	(9,985,782)	(1,053,078)	(11,038,860)
Balance, December 31, 2019	70,667,000	\$ 23,756,237	\$ 4,551,104	\$ -	\$ (18,510,151)	\$ 1,183,420	\$ 10,980,611

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Consolidated Statement of Cash Flows	FYE 2019	FYE 2019	FYE 2019	FYE 2019
	<i>As originally filed</i>	<i>Restatement</i>	<i>Reclassifications</i>	<i>Restated</i>
Cash flows from (to) operating activities				
Net loss for the year	\$ (9,500,203)	(1,538,657)	-	\$ (11,038,860)
Adjustments to reconcile net loss to cash used in operating activities:				
Amortization	1,564,450	176,156 a, b, c	-	1,740,606
Loss on disposal or write-down of assets	303,008	1,493,407 e	-	1,796,415
Amortized interest on liabilities	55,505	202,108 a, b, c	-	257,613
Interest on due to related parties	-	234 a	-	234
Share-based payments	2,686,003	-	-	2,686,003
Unrealised foreign exchange	(44,368)	(115,673) b, e	160,041	-
Changes in non-cash operating working capital	(1,368,823)	(217,575)	1,256,430	(329,968)
	(6,304,428)	-	1,416,471	(4,887,957)
Cash flows to investing activities				
Disposal of right of use assets	-	-	-	-
Proceeds from sale of assets held for sale	-	-	-	-
Acquisition of property, plant and equipment	(1,982,072)	-	-	(1,982,072)
	(1,982,072)	-	-	(1,982,072)
Cash flows from (to) financing activities				
Issuance of common shares for private placement	-	-	-	-
Share issuance costs	-	-	-	-
Shares issued for warrants	4,712,500	-	-	4,712,500
Shares issued for options	182,000	-	-	182,000
Equity contribution from minority shareholder	1,256,430	-	(1,256,430)	-
Royalty payments	(79,927)	-	-	(79,927)
Loan proceeds (repayments)	(750,000)	-	-	(750,000)
Payments of lease obligations	(349,188)	-	-	(349,188)
Advances from related parties	86,289	-	-	86,289
	5,058,104	-	(1,256,430)	3,801,674
Increase (decrease) in cash	(3,228,396)	-	160,041	(3,068,355)
Effects of foreign exchange rates on cash	-	-	(160,041)	(160,041)
Cash, beginning of year	3,917,244	-	-	3,917,244
Cash, end of year	\$ 688,848	-	-	\$ 688,848
				-
Supplemental cash flow disclosures				
Changes in non-cash working capital impacting cashflows from operating activities were as follows:				
Trade and other receivable	\$ (63,607)	-	-	\$ (63,607)
Inventories	(107,574)	-	(794,875) d	(902,449)
Proceeds from sale of assets held for sale	(794,875)	-	794,875 d	-
Equity contribution from minority shareholder	-	-	1,256,430	1,256,430
Prepaid expenses and deposits	(624,627)	-	-	(624,627)
Accounts payable and accrued liabilities	221,860	(217,575) c, d	-	4,285
	(1,368,823)	(217,575)	1,256,430	(329,968)

6. Trade and other receivables

Receivables consist of the following:

	December 31, 2020	December 31, 2019 <i>Restated</i>	January 1, 2019 <i>Restated</i>
Trade	\$ 207,178	\$ 13,935	\$ 17,519
Government subsidies	81,014	6,615	-
Taxes	83,776	409,330	348,754
Due from Mineworx	206,976	-	-
Other	4,041	-	-
Expected credit loss (Note 25)	(350,292)	-	-
	232,694	429,880	366,273

EnviroLeach Technologies Inc.**Notes to the Consolidated Financial Statements**

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*(Expressed in Canadian dollars)***7. Inventory**

Inventory consists of the following:

	December 31, 2020	December 31, 2019 <i>Restated</i>	January 1, 2019 <i>Restated</i>
Parts	\$ 459,461	\$ 768,678	\$ -
Raw materials	-	27,936	207,348
Chemicals	302,805	302,408	-
Work in progress	-	76,941	1,480,843
Finished goods	37,927	36,845	-
	<u>800,193</u>	<u>1,212,808</u>	<u>1,688,191</u>

Costs of inventories recognized as an expense during the year ended December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019 <i>Restated</i>	January 1, 2019 <i>Restated</i>
Opening inventory	\$ 1,212,808	\$ 1,688,191	\$ -
Purchase	106,158	790,473	1,688,191
Usage	(462,076)	(209,473)	-
Reclassification	202,731	(1,056,383)	-
Write-down	(259,428)	-	-
Closing balance	<u>\$ 800,193</u>	<u>\$ 1,212,808</u>	<u>\$ 1,688,191</u>

8. Assets held for sale

Assets held for sale consist of the following:

	December 31, 2020	December 31, 2019 <i>Restated</i>	January 1, 2019 <i>Restated</i>
Opening balance	\$ 477,290	\$ -	\$ -
Transfer from (to) plant	9,066	794,875	-
Sold	(117,390)	-	-
Written-down	<u>(2,000)</u>	<u>(317,585)</u>	<u>-</u>
Closing balance	366,966	477,290	-

9. Investment in Group 11

On August 28, 2020, the Company entered into a license agreement and partnership with Group 11 Technologies Inc. ("Group 11") for the refinement and application of in-situ gold mining technologies incorporating the Company's water-based solution.

In exchange for an initial 40% ownership position in Group 11, EnviroLeach has granted Group 11 a license to

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use the Company's metal extraction technology. On initial recognition, the licensing fee was recorded at cost, being \$750,000. The Company is entitled to royalty payments on any metal produced in accordance with the license agreement.

The Company has determined that it exercises significant influence over Group 11 and accounts for this investment using the equity method. During the year ended December 31, 2020, the Company recorded \$49,876 (2019 - \$nil) as its proportionate share of Group 11's net loss on the consolidated statements of loss and comprehensive loss. The following table is a reconciliation of the carrying value of the investment in Group 11:

	December 31, 2020
Balance, December 31 2019	\$ -
Group 11 shares acquired	750,000
Adjustments to carrying value:	
Proportionate share of net loss	(49,876)
Balance, December 31, 2020	\$ 700,124

Concurrently with the licensing agreement, the Company has entered into a support and services agreement with Group 11, expiring no earlier than August 28, 2023. Under the terms of the agreement, the Company will earn a minimum aggregate fee of \$750,000 over the term of the agreement.

10. Intangible assets, plant and equipment**(a) Intangible assets**

	Technology	Patent	Total
Costs			
Opening Balance - January 1, 2019 <i>(Restated)</i>	7,045,265	-	7,045,265
Additions	-	100,552	100,552
Disposals	-	-	-
Closing Balance - December 31, 2019 <i>(Restated)</i>	7,045,265	100,552	7,145,817
Depreciation			
Opening Balance - January 1, 2019 <i>(Restated)</i>	1,409,052	-	1,409,052
Depreciation for the period	704,526	-	704,526
Disposals	-	-	-
Closing Balance - December 31, 2019 <i>(Restated)</i>	2,113,578	-	2,113,578
Net book value, December 31, 2019 <i>(Restated)</i>	4,931,687	100,552	5,032,239

EnviroLeach Technologies Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2020 and 2019

*(Expressed in Canadian dollars)***Costs**

Opening Balance - January 1, 2020	7,045,265	100,552	7,145,817
Additions	-	52,611	52,611
Disposals	-	-	-
Closing Balance - December 31, 2020	7,045,265	153,163	7,198,428

Depreciation

Opening Balance - January 1, 2020	2,113,578	-	2,113,578
Depreciation for the period	704,526	7,825	712,351
Disposals	-	-	-
Closing Balance - December 31, 2020	2,818,104	7,825	2,825,929

Net book value**4,227,161 145,338 4,372,499****Technology rights**

In December 2016, the rights to the technology for the extraction of valuable metals was acquired for a total purchase price of \$7,045,264 in two separate agreements.

Intellectual property

The patent costs represent the costs of applying for patents on the Company's technology. On January 7, 2020, the Company was issued the first patent for its technologies, and on February 18, 2020 the second patent. The patent costs are being amortized over the 20-year life of the patents.

(b) Plant and equipment

	Equipment	Right of Use	Office	Computer	Total
Costs					
Opening Balance - January 1, 2019 <i>(Restated)</i>	3,525,158	878,818	95,156	24,620	4,523,752
Additions	3,315,965	19,279	51,386	7,575	3,394,205
Transfers	(218,895)	-	-	-	(218,895)
Disposals	-	-	-	-	-
Write-down (Note 5(e))	(1,493,407)	-	-	-	(1,493,407)
Closing Balance - December 31, 2019 <i>(Restated)</i>	5,128,821	898,097	146,542	32,195	6,205,655
Depreciation					
Opening Balance - January 1, 2019 <i>(Restated)</i>	188,847	157,320	12,218	9,733	368,118
Depreciation for the period	409,941	593,309	23,923	8,908	1,036,081
Other adjustment	-	(270,438)	-	-	(270,438)
Closing Balance - December 31, 2019 <i>(Restated)</i>	598,788	480,191	36,141	18,641	1,133,761
Net book value, December 31, 2019 <i>(Restated)</i>	4,530,033	417,906	110,401	13,554	5,071,894
Opening Balance - January 1, 2020	5,128,821	898,097	146,542	32,195	6,205,655
Additions	185,835	287,546	15,867	-	489,247
Transfers	-	-	-	-	-
Other adjustment	-	(84,800)	-	-	(84,800)
Closing Balance - December 31, 2020	5,314,656	1,100,843	162,409	32,195	6,610,102
Depreciation					
Opening Balance - January 1, 2020	598,789	480,189	36,141	18,641	1,133,760
Depreciation for the period	745,730	415,982	54,099	10,732	1,226,542
Other adjustment	-	(80,633)	-	-	(80,633)
Closing Balance - December 31, 2020	1,344,519	815,538	90,240	29,372	2,279,669
Net book value, December 31, 2020	3,970,137	285,304	72,169	2,823	4,330,433

EnviroLeach Technologies Inc.**Notes to the Consolidated Financial Statements**

For the years ended December 31, 2020 and 2019

*(Expressed in Canadian dollars)***11. Accounts payable and accrued liabilities**

A summary of accounts payable and accrued liabilities are as follows:

	December 31, 2020	December 31, 2019 <i>Restated</i>	January 1, 2019 <i>Restated</i>
Accounts payable	\$ 802,621	\$ 306,630	\$ 114,941
Payroll liabilities	155,138	95,678	57,380
Accrued liabilities	<u>91,215</u>	<u>25,000</u>	<u>20,000</u>
	1,048,974	427,308	192,321

12. Due to related parties

Amounts due to related parties are as follows:

	December 31, 2020	December 31, 2019 <i>Restated</i>	January 1, 2019 <i>Restated</i>
Board fees and expenses to key management	\$ 211,913	\$ 49,479	\$ -
Mineworx for contributions to JV	<u>(9,231)</u>	<u>268,282</u>	<u>183,339</u>
	202,682	317,761	183,339

These amounts are unsecured, non-interest bearing, without specific repayment terms and have been incurred in the normal course of business.

13. Loan payable

Loan payable at December 31, 2020 consist of an interest-free loan of \$40,000 from the government of Canada pursuant to the CEBA program. Repaying the balance of the loan on or before December 31, 2022 will result in a loan forgiveness of \$10,000 (refer to Note 17).

At December 31, 2019, loan payable of \$250,000 represented the balance of a promissory note in the original principal sum of \$1,600,000, which was presented at \$1,074,980, being the amortized cost of a non-interest-bearing note of \$1,600,000, discounted at a rate of 22% per annum, compounded annually over a term of 24 months. Interest on the note accrued at 5% per annum on outstanding principal, compounded monthly, accruing only when the note was in default. After March 21, 2020, unpaid principal was convertible into common shares, using 20-day volume weighted average at time of conversion. The conversion feature was not exercised and as at December 31, 2020, the note has been repaid in full.

14. Leases

The Company's right of use assets are included in plant and equipment. The imputed financing costs on the liability were determined based on the Company's incremental borrowing rate and similar finance leases to mining companies, which has been estimated at 11.48% for equipment and 6.58% on buildings. Lease liabilities recognized at December 31, 2020 and 2019 are as follows:

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	December 31, 2020	December 31, 2019 <i>Restated</i>	January 1, 2019 <i>Restated</i>
Lease liabilities, opening balance	\$ 456,506	\$ 741,410	\$ -
Leases added	202,746	19,279	836,577
Payment of lease liabilities	(383,956)	(349,198)	(113,420)
Interest expense	33,282	45,015	18,253
Lease liabilities, closing balance	308,578	456,506	741,410

15. Advance royalty payable

The advance royalty payable was incurred on the acquisition of technology. The advanced royalty is presented as the amortized cost of a non-interest-bearing note of USD 1,000,000, discounted at a rate of 22.0% per annum, compounded monthly over a term of 39 months and based on projected cash flows. It is unsecured and due on a minimum discounted basis as follows:

	December 31, 2020	December 31, 2019 <i>Restated</i> <i>(Note 5)</i>	January 1, 2019 <i>Restated</i> <i>(Note 5)</i>
Opening balance	\$ 589,561	\$ 668,052	\$ 659,212
Payments	(80,221)	(79,927)	(78,332)
Interest portion	32,389	32,270	31,626
Foreign exchange adjustment	(9,338)	(30,834)	55,545
Closing balance	532,392	589,561	668,052
Current	45,549	46,464	48,805
Long term	486,842	543,097	619,247
	532,391	589,561	668,052

Payment could be accelerated should the Company generate net profits available for distribution, a calculation that takes into account management fees, depreciation, amortization, taxes and reserves. Subsequent to December 31, 2020, the Company settled this debt in full by way of a cash payment in the amount of USD 150,000 and by issuing 250,000 common shares in the capital of the Company (refer to Note 26).

16. Share capital**(a) Capital stock**

Authorized capital stock consists of an unlimited number of common shares, without par value.

On March 2, 2020, the Company closed a non-brokered private placement of 3,344,001 units a \$0.75 per unit (March Units) for gross proceeds of \$2,508,001. Each March Unit consists of one common share of the Company and one common share purchase warrant. In connection with the private placement, the Company paid finder's fees of \$37,125, issued 41,250 compensation warrants valued at \$12,090 and incurred \$44,794 in other share issuance costs.

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On December 30, 2020, the closed a non-brokered private placement of 17,825,001 units a \$0.30 per unit (December Units) for gross proceeds of \$5,347,500. Each December Unit consists of one common share of the Company and one common share purchase warrant. In connection with the private placement, the Company paid finder's fees of \$183,330, issued 618,100 compensation warrants valued at \$121,704 and incurred \$35,253 in other share issuance costs.

(b) Share-based payments

The Company's equity compensation plan (2020 Plan) was approved by shareholders on November 24, 2020. The 2020 Plan replaces the 2020 Plan, the aggregate number of shares reserved for issuance shall not exceed 20% of the Company's issued and outstanding common shares on the date of grant. Options that are exercised, expired or otherwise terminated for any reason shall again be available for the purposes of granting options pursuant to this 2020 Plan. The 2020 Plan allows for options to be issued to directors, officers, employees and consultants of the Company or a subsidiary of the Company. Options granted must be exercised no more than five years from the date of grant or such lesser period as may be determined by the Company's board of directors and in accordance with the policies of the Canadian Securities Exchange. The board of directors also determines the time period during which options shall vest and the method of vesting which are also subject to the policies of the Canadian Securities Exchange.

The grant date fair value is calculated using the Black-Scholes option pricing model. Where relevant, the expected life has been adjusted based on management's best estimate for the effects of historical forfeitures and behavioural considerations. Expected volatility is based on the historical share price volatility. The Black-Scholes option valuation model input factors for stock options granted in 2020 and 2019 were as follows:

Grant date	Expiry date	Exercise price	Grant date market price	Risk-free interest rate	Expected life (years)	Expected volatility	Dividend yield	Fair value
2020-10-15	2025-10-15	\$ 0.46	\$ 0.46	0.30%	3.75	91.47%	-	0.2478
2020-06-16	2025-06-16	\$ 0.79	\$ 0.79	0.33%	3.75	91.47%	-	0.4949
2020-04-24	2025-04-24	\$ 0.76	\$ 0.76	0.39%	3.75	91.47%	-	0.4765
2020-04-09	2022-04-09	\$ 1.00	\$ 0.69	0.39%	1.50	75.91%	-	0.1704
2019-12-11	2024-12-11	\$ 1.45	\$ 1.42	1.65%	3.50	99.68%	-	0.9305
2019-06-14	2024-06-14	\$ 0.96	\$ 0.96	1.67%	3.50	105.02%	-	0.6561
2019-03-01	2024-03-01	\$ 0.76	\$ 0.76	1.67%	3.50	107.01%	-	0.5262

The following table summarizes the number of stock options that the Company has outstanding at December 31, 2020 and 2019, including details of options granted, exercised, expired and forfeited during the year:

Grant date	Expiry date	Exercise price	Opening balance	Fiscal Year 2020 Activity			Closing balance
				Granted	Exercised	Expired / Forfeited	
2017-03-24	2022-03-24	\$ 0.25	4,470,000		1,210,000	60,000	3,200,000
2017-06-30	2022-06-30	\$ 0.50	100,000				100,000
2018-04-12	2023-04-12	\$ 1.65	200,000			100,000	100,000
2018-07-18	2023-07-18	\$ 1.20	125,000			50,000	75,000
2019-03-01	2024-03-01	\$ 0.76	2,200,000			325,000	1,875,000
2019-06-14	2024-06-14	\$ 0.96	250,000				250,000
2019-12-11	2024-12-11	\$ 1.45	1,400,000			375,000	1,025,000
2020-04-09	2022-04-09	\$ 1.00		400,000			400,000
2020-04-24	2025-04-24	\$ 0.76		1,550,000		75,000	1,475,000
2020-06-16	2025-06-16	\$ 0.79		250,000			250,000
2020-10-15	2025-10-15	\$ 0.46		400,000			400,000
2020 totals			8,745,000	2,600,000	1,210,000	985,000	9,150,000

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Grant date	Expiry date	Exercise price	Opening balance	Fiscal Year 2019 Activity			Closing balance
				Granted	Exercised	Expired / Forfeited	
2017-03-24	2022-03-24	\$ 0.25	4,770,000	-	300,000	-	4,470,000
2017-06-30	2022-06-30	\$ 0.50	100,000	-	-	-	100,000
2017-11-10	2019-11-10	\$ 0.88	100,000	-	100,000	-	-
2018-04-12	2023-04-12	\$ 1.65	200,000	-	-	-	200,000
2018-07-18	2023-07-18	\$ 1.20	125,000	-	-	-	125,000
2019-03-01	2024-03-01	\$ 0.76	-	2,225,000	25,000	-	2,200,000
2019-06-14	2024-06-14	\$ 0.96	-	250,000	-	-	250,000
2019-12-11	2024-12-11	\$ 1.45	-	1,400,000	-	-	1,400,000
2019 totals			5,295,000	3,875,000	425,000	-	8,745,000

The outstanding options as at December 31, 2020 have a weighted average remaining contractual life of 2.76 years (December 31, 2019 – 3.26 years).

(c) Warrants

The reserves record items recognized as share-based payments expense and compensation warrant issuing costs until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

On March 23 and 25, 2020, pursuant to a private placement disclosed in Note 16 (a), the Company issued 3,344,001 units consisting of one common share and one common share purchase warrant (March Warrant), entitling the holder to purchase one common share in the capital of the Company for a period of 24 months at an exercise price of \$1.00. The expiry date of the March Warrants is subject to acceleration as follows: If at any time after July 25, 2020, the closing price (or closing bid price on days when there are no trades) of the common shares on the Canadian Securities Exchange exceeds \$2.00 for 15 consecutive trading days, the Company may elect to issue March Warrant holders a notice of acceleration of the expiry date, being 30 days after the date on which notice of the new date is sent to the Warrant holders.

In connection with the private placement, the Company issued 41,250 compensation warrants (March Compensation Warrants). Each March Compensation Warrant entitles the holder to purchase one unit (consisting of one common share and one common share purchase warrant) at the private placement offering price of \$0.75 per unit until March 23, 2022. Each underlying common share purchase warrant will be subject the same terms as the March Warrants. The fair value of the March Compensation Warrants was estimated at \$12,090 using the Black-Scholes pricing model.

On December 30, 2020, pursuant to a private placement disclosed in Note 16 (a), the Company issued 17,825,001 units consisting of one common share and one common share purchase warrant (December Warrant), entitling the holder to purchase one common share in the capital of the Company until December 30, 2022 at an exercise price of \$0.50. The expiry date of the December Warrants is subject to acceleration as follows: If at any time after April 30, 2021, the closing price (or closing bid price on days when there are no trades) of the common shares on the Canadian Securities Exchange exceeds \$1.50 for 15 consecutive trading days, the Company may elect to issue December Warrant holders a notice of acceleration of the expiry date, being 30 days after the date on which notice of the new date is sent to the Warrant holders.

In connection with the private placement, the Company issued 618,100 compensation warrants (December Compensation Warrants). Each December Compensation Warrant entitles the holder to purchase one common share in the capital of the Company until December 30, 2021 at an exercise price of \$0.50. The fair value of the December Compensation Warrants was estimated at \$121,704 using the Black-Scholes pricing model.

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The Company has allocated the gross proceeds from the unit issuance between the common shares and warrants using their relative fair values.

As at December 31, 2020, 21,828,352 warrants are outstanding, as follows:

Issue date	Expiry date	# Warrants	Exercise price
2020-03-23	2022-03-23	2,598,867	\$ 1.00
2020-03-25	2022-03-25	745,134	\$ 1.00
2020-03-23	2022-03-23	41,250	\$ 0.75
2020-12-30	2022-12-30	17,825,001	\$ 0.50
2020-12-30	2021-12-30	618,100	\$ 0.50
Total		21,828,352	
Weighted average exercise price			\$ 0.58

The weighted average remaining contractual life of the warrants is 1.85 years.

17. Government stimulus subsidies

The Company has participated in available stimulus subsidies offered by the Federal Governments of Canada to help offset the negative impact of the COVID-19 pandemic.

(a) Canada Emergency Wage Subsidy (CEWS)

The CEWS provides qualifying companies with a monthly financial support grant based on payroll, subject to certain caps. Eligibility is triggered by and scaled according to the reduction in year-over-year Canadian revenue on a month-by-month basis. During the year ended December 31, 2020, the Company recognized \$484,944 (2019 - \$nil) in government wage subsidy income as reductions of management and employee costs.

(b) Canada Emergency Rent Subsidy (CERS)

The CERS provides qualifying companies with a monthly financial support grant based on eligible expenses, subject to certain caps. Eligibility is triggered by and scaled according to the reduction in year-over-year Canadian revenue on a month-by-month basis. During the year ended December 31, 2020, the Company recognized \$14,197 in government rent subsidy income as reductions of operating costs, and \$36,709 as reduction of office and general expenses (2019 - \$nil).

(c) Canada Emergency Business Account (CEBA)

On May 8, 2020, the Company received an interest-free loan of \$40,000 (2019 - \$nil) from the government of Canada pursuant to the CEBA program. Repaying the balance of the loan on or before December 31, 2022 will result in a loan forgiveness of \$10,000.

(d) National Research Council of Canada Industrial Research Assistance Program (IRAP)

IRAP provides companies with qualifying research projects with a monthly financial grant based on eligible wages expenses. During the year ended December 31, 2020, the Company recognized \$82,715 (2019 - \$111,587) in government wage subsidy income as reductions of management and employee costs.

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18. Nature of expenses

The components of general and administration for the years ended December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019 <i>Restated</i> <i>(Note 5)</i>
Consulting fees	\$ 244,631	\$ 90,862
Office and general	120,197	128,173
Professional fees	314,822	131,309
Public Company Costs	585,606	512,049
Travel	113,498	283,839
	<u>1,378,754</u>	<u>1,146,232</u>

19. Supplemental cash flow disclosures

Supplemental details of the changes in non-cash working capital for the years ended December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019 <i>Restated</i> <i>(Note 5)</i>
Changes in non-cash working capital impacting cashflows from operating activities were as follows:		
Trade and other receivable	\$ 197,186	\$ (63,607)
Inventories and assets held for sale	88,227	(902,449)
Prepaid expenses and deposits	(143,918)	(624,627)
Equity contribution from minority shareholder	648,843	1,256,430
Accounts payable and accrued liabilities	414,830	4,285
	<u>1,205,168</u>	<u>(329,968)</u>

20. Key management compensation

Key management and director compensation for the years ended December 31 was as follows:

	December 31, 2020	December 31, 2019 <i>Restated</i>
Salaries and consulting fees	\$ 851,625	\$ 699,500
Share-based payments	842,295	1,096,690
Director fees	325,916	253,026
Other	15,400	-
	<u>2,035,236</u>	<u>2,049,216</u>

21. Income taxes

The provision for income taxes differs from the expected amount calculated using the combined Canadian federal and provincial statutory income tax rates of 27% as follows:

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	December 31, 2020	December 31, 2019 <i>Restated</i>
Net loss for the year	\$ (6,831,230)	\$ (11,038,860)
Expected income tax recovery at statutory rates	(1,844,000)	(2,980,000)
Non-deductible expenditures	339,000	957,000
Change in estimates and truing up prior years	(1,000)	654,000
Change in unrecognized deferred tax assets	<u>1,506,000</u>	<u>1,369,000</u>
Income tax recovery recognized	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) as at December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019 <i>Restated</i>
Non-capital loss carry forward	\$ 99,000	\$ 129,000
Assets held for sale	<u>(99,000)</u>	<u>(129,000)</u>
Net deferred tax assets (liabilities)	-	-

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

	December 31, 2020	December 31, 2019 <i>Restated</i>
Non-capital losses – expire 2037 to 2040	\$ 16,212,000	\$ 10,686,000
Intangible assets	1,870,000	1,485,000
Property, plant and equipment	10,000	265,000
Lease liability	309,000	457,000
Share issuance costs - expires 2022 to 2025	595,000	875,000
Trade and other receivables	<u>350,000</u>	<u>-</u>
	19,346,000	13,768,000

22. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or acquire new debt. The Company does not currently pay dividends.

The realization of the Company's long-range strategic objectives is dependent on its ability to generate revenues and raise financing from shareholders or lenders. Management continues to regularly review and consider financing alternatives to fund the Company's future operations and development efforts.

The Company considers the components of shareholders' equity to be its capital. The Company is not subject to any externally imposed capital requirements.

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*(Expressed in Canadian dollars)***23. Financial instruments and risks**

The Company's existing business involve the operation on its plant and use of its proprietary technology for the extraction of precious metals for the mining and E-waste sectors, which exposes the Company to a variety of financial instrument related risks. These risks include foreign currency risk, credit risk, liquidity risk, market risk and other risks. The Company's board of directors provides oversight for the Company's risk management processes.

(a) Foreign currency risk

The Company is exposed to currency risk due to business transactions in foreign countries. The Company mainly transacts in Canadian dollars and United States dollars. 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 is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At December 31, 2020, the Company was not exposed to significant interest rate risk.

At December 31, 2020, the Company has net liabilities of \$956,573 (USD 751,313) due in USD (December 31, 2019 - \$755,037 (USD 581,343) (restated)). A 10% weakening against the US dollar of the currencies to which the Company had exposure would have had a \$95,660 impact on net liabilities (2019 - \$75,500 (restated)). A 10% strengthening against the US dollar would have had the opposite effect.

(b) Credit risk

The Company's credit risk is primarily attributable to cash and trade and other receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At December 31, 2020, management considers the Company's exposure to credit risk is minimal. Aging of trade and other receivables is as follows:

	December 31, 2020		December 31, 2019 (Restated)	
	Gross	Provision	Gross	Provision
Current	\$ 177,721	\$ -	\$ 17,319	\$ -
Past due 1-30 days	1,956	-	3,231	-
Past due 31-60 days	-	-	-	-
Past due > 60 days	196,334	(143,317)	409,330	-
	<u>376,011</u>	<u>(143,317)</u>	<u>429,880</u>	<u>-</u>

For details on the provision, refer to Note 25.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As at December 31, 2020, the Company had a cash balance of \$5,511,314 (2019 - \$688,848) to settle current liabilities of \$1,584,828 (2019 - \$1,366,754 (restated)).

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December 31, 2020		Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Trades payable and accrued liabilities	\$	1,048,974	\$ -	\$ -	\$ -	\$ 1,048,974
Due to related parties		202,682	-	-	-	202,682
CEBA loan		40,000	-	-	-	40,000
Lease liabilities		247,623	60,955	-	-	308,578
Advance royalty payable		45,549	91,098	91,098	304,646	532,391

December 31, 2019 <i>(Restated)</i>		Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Trades payable and accrued liabilities	\$	427,308	\$ -	\$ -	\$ -	\$ 427,308
Due to related parties		317,761	-	-	-	317,761
Loan payable		250,000	-	-	-	250,000
Lease liabilities		325,221	106,243	25,042	-	456,506
Advance royalty payable		46,464	92,930	92,930	357,237	589,561

So far, the Company is not profitable and has had to rely on the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

(d) Fair value

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value in the fair value hierarchy.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques using input other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data.

The carrying value of the Company's financial assets and liabilities approximate their fair values due to their nature and their short-term to maturity, except for the long-term debt described below:

	December 31, 2020		December 31, 2019 <i>(Restated)</i>	
	Carrying value	Fair value	Carrying value	Fair value
Advanced royalty payable - level 2	\$ 981,154	\$ 532,391	\$ 1,061,374	\$ 589,561

24. Segmented information

The Company has one operating segment, being the development and commercialization of precious metal extraction processes with applications in the primary and secondary metals sectors.

The total revenue recorded during the years ended December 31, 2020 and 2019 is allocated to the following income streams:

	December 31, 2020	December 31, 2019 <i>Restated</i>
Sales of recovered precious metals	\$ 483,664	\$ 269,918
Services related to intellectual property	333,121	100,835
	<u>816,786</u>	<u>370,753</u>

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25. Commitments and contingencies

As at December 31, 2020 and December 31, 2019, the Company does not have contractual obligations other than those already disclosed.

The Company has made demands against Mineworx Technologies Ltd. (and its wholly-owned subsidiary, Mineworx Technologies Inc.) in connection with a joint venture agreement (JVA) with Mineworx dated August 29, 2017, and amended on February 14, 2020, an asset purchase agreement (APA) with Mineworx dated December 19, 2016, and the Company's intellectual property rights (IP Rights) in and to its technology and processes used in the extraction of precious and non-precious metals in the mining and e-waste sectors.

The Company has given Mineworx several notices of various breaches committed by Mineworx of certain provisions of the JVA and the APA as well as Mineworx's infringements of the Company's IP Rights. On April 5, 2021, the Company formally notified Mineworx that the JVA was terminated and that the Company, as the JV manager, was entitled to commence to wind-up of the operations of the joint venture. Mineworx has disputed that it is in breach of the JVA and alleged that the Company has breached certain provisions of the JVA. Mineworx has also disputed the Company's entitlement to wind-up of the JVA.

In addition, and further to the APA and the Company's IP Rights, the Company has demanded that Mineworx cease using the Company's IP Rights, failing which, the Company has advised Mineworx that it may initiate civil claims against Mineworx for, among other things, breach of provisions of the APA and infringement of the Company's IP Rights. The potential value of such claims is indeterminable as of the date the Board of Directors approved these Financial Statements.

In accordance with IFRS 9, the Company recorded an expected credit loss of \$350,292 related to amounts due to the Company from Mineworx.

26. Subsequent event

On January 29, 2021, the Company settled in full the remaining advanced royalties due by way of a cash payment in the amount of USD 150,000 and by issuing 250,000 common shares in the capital of the Company, valued at \$0.42 per share.