American Future Fuel Corporation

(formerly Evolving Gold Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2022 and 2021

Expressed in Canadian dollars

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AMERICAN FUTURE FUEL CORPORATION (FORMERLY EVOLVING GOLD CORP.)

Opinion

We have audited the consolidated financial statements of American Future Fuel Corporation (formerly Evolving Gold Corp.) and its subsidiaries (the "Company"), which comprise:

- the consolidated statements of financial position as at March 31, 2022 and 2021;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' deficiency for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the 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 March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 audits 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that as of March 31, 2022, the Company had an accumulated deficit of $85,023,968 since inception and expects to incur losses from operations for the foreseeable future. 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 the information included in the Management's Discussion & Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

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We obtained the Management's Discussion & Analysis prior to the date of this auditors' 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 in this auditors' report. 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 IFRS, 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.

Auditors' 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 auditors' 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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Kevin Yokichi Nishi.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
July 27, 2022

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American Future Fuel Corporation (formerly Evolving Gold Corp.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

March 31, 2022 and 2021

	Note	March 31, 2022	March 31, 2021
Assets			
Current Assets			
Cash	5	$ 3,959	$ 140,580
Funds in trust	6, 11, 17	5,160,275	1,775
GST receivable		6,028	1,807
		5,170,262	144,162
Non-Current Assets			
Reclamation bonds	8	18,332	18,458
Total Assets		**$ 5,188,594**	**$ 162,620**
Liabilitites			
Current Liabilities			
Accounts payable and accrued liabilities	9,15	$ 351,294	$ 258,531
Deferred financing obligation	11,17	369,403	-
		720,697	258,531
Other Liabilities			
Asset retirement obligations	8	18,332	18,458
		18,332	18,458
Total Liabilities		739,029	276,989
Shareholders' Equity			
Share capital	11	85,547,796	85,547,796
Reserves	12	348,403	348,403
Reserve - obligation to issue shares	11,17	4,687,097	-
Deficit		(85,023,968)	(84,900,805)
Accumulated other comprehensive loss		(1,109,763)	(1,109,763)
Total Equity (Deficit)		4,449,565	(114,369)
Total Liabilities and Shareholders' Equity		**$ 5,188,594**	**$ 162,620**
Events after the reporting period	17		

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

"Joel Shacker"	*"Adam Cegielski "*
Director	Director

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

American Future Fuel Corporation (formerly Evolving Gold Corp.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Expressed in Canadian Dollars

For the years ended March 31, 2022 and 2021

	Note	Year ended March 31, 2022	2021
Expenses			
Accounting and audit		$ 38,960	$ 22,744
Advertising and promotion		525	2,995
Bank charges and interest		925	482
Interest and finance charges	10,15	-	7,188
Legal		6,650	10,461
Management fees		60,000	116,250
Office expense		11,018	8,761
Transfer agent and filing fees		22,236	16,310
		(140,314)	(185,191)
Other Items			
Foreign exchange		48	822
Write down of debt	9	17,103	-
Net and comprehensive loss for the year		**$ (123,163)**	**$ (184,369)**
Loss per share:			
Basic and diluted		$ (0.05)	$ (0.11)
Weighed average number of common shares outstanding			
Basic and diluted		2,257,000	1,709,191

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

American Future Fuel Corporation (formerly Evolving Gold Corp.)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

Expressed in Canadian Dollars

For the years ended March 31, 2022 and 2021

		Share Capital						
	Note	Number of Shares	Amount	Reserves	Reserves - obligation to issue shares	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Deficit
Balance at March 31, 2020		**1,622,238**	**$ 85,230,416**	**$ 348,403**	**$ -**	**$ (84,716,436)**	**$ (1,109,763)**	**$ (247,380)**
Shares issued for private placement	11	500,000	250,000	-	-	-	-	250,000
Shares issued for shareholder loan	10	134,762	67,380	-	-	-	-	67,380
Loss for the year		-	-	-	-	(184,369)	-	(184,369)
Balance at March 31, 2021		**2,257,000**	**$ 85,547,796**	**$ 348,403**	**$ -**	**$ (84,900,805)**	**$ (1,109,763)**	**$ (114,369)**
Reserve private placement closed in trust		-	-	-	**4,687,097**	-	-	4,687,097
Loss for the year		-	-	-	-	(123,163)	-	(123,163)
Balance at March 31, 2022		**2,257,000**	**$ 85,547,796**	**$ 348,403**	**$ 4,687,097**	**$ (85,023,968)**	**$ (1,109,763)**	**$ 4,449,565**

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

American Future Fuel Corporation (formerly Evolving Gold Corp.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

For the years ended March 31, 2022 and 2021

	Year ended March 31, 2022	Year ended March 31, 2021
Operating Activities		
Net loss for the year	$ (123,163)	$ (184,369)
Items not involving cash		
Interest	-	4,832
Write down of debt	(17,103)	-
Changes in assets and liabilities		
Funds in trust	(5,158,500)	-
GST receivable	(4,221)	2,524
Prepaid expenses	-	-
Accounts payable and accrued liabilities	109,866	63,932
Cash used in operating activities	(5,193,121)	(113,081)
Financing Activity		
Issuance of common stock - private placement	5,056,500	250,000
Cash provided by financing activity	**5,056,500**	**250,000**
Net change in cash	(136,621)	136,919
Cash, beginning balance	140,580	3,661
Cash, ending balance	**$ 3,959**	**$ 140,580**
Supplemental Cash Flow Information		
Loans converted into share capital	$ 67,380	$ -

There were no cash flows from investing activities during the years ended March 31, 2022 or 2021

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

1. NATURE OF OPERATIONS AND GOING CONCERN

American Future Fuel Corporation (formerly Evolving Gold Corp.) (the "Company" or "Future") was incorporated as 6109527 Canada Ltd. on June 19, 2003, under the *Canada Business Corporation Act* and is in the business of acquiring, exploring and evaluating mineral properties. The Company was listed on the Canadian Stock Exchange ("CSX") under the symbol "EVG" prior to the closing of the Transaction with Elephant Capital Corp. as described below. The head office, principal address and records office of the Company are located at Suite 2250, 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9.

On July 23, 2021, the Company consolidated its common shares on the basis of ten pre-consolidated common shares for one post-consolidation common share of the Company. The 22,569,994 pre-consolidation common shares issued and outstanding were adjusted to 2,257,000 post-consolidation common shares. All references to share capital, common shares, warrants, options and per share amounts in these consolidated financial statements and the accompanying notes for time periods prior to the share consolidation have been retrospectively restated to reflect the one-for-ten share consolidation.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future. At March 31, 2022, the Company had an accumulated deficit of $85,023,968 (2021 - $84,900,805) since inception and expects to incur losses from operations for the foreseeable future. These conditions indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating and mineral property commitments as they come due and to finance future exploration and development of its properties, establish economically recoverable reserves, and securing and maintaining title and beneficial interest in the properties. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. Such adjustments have not been included in these consolidated financial statements and could be material.

In March 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially impact the Company's operations during the year ended March 31, 2022 or 2021. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. Additionally, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

On October 29, 2021, the Company announced that it had entered into a letter of intent (the "Letter"), dated effective October 26, 2021, pursuant to which it proposes to acquire (the "Transaction") all of the outstanding share capital of Elephant Capital Corp. ("Elephant Capital"). Elephant Capital was an arms-length resource exploration company, established under the laws of the province of British Columbia. Elephant Capital held the rights to acquire all of the outstanding share capital of Cibola Resources LLC, which itself controlled the rights to a lease of a mineral property comprising approximately 6,700 acres of mineral rights and 5,700 acres of surface rights located in west-central New Mexico and commonly referred to as the "Cebolleta Uranium Project". In accordance with the terms of the Transaction, all existing common shares of Elephant Capital will be exchanged for an equivalent number of common shares of the Company. Elephant had 43,733,000 common shares outstanding. Prior to completion of the Transaction, Elephant Capital is required to issue a further 11,308,250 common shares to enCore Energy Corp. (TSXV: EU) to complete the acquisition of the Project and a further 1,500,000 common shares to certain arms-length finders in consideration for introducing the Project to Elephant Capital. No cash consideration is payable by the Company to Elephant Capital in connection with completion of the Transaction.

On February 22, 2022, the Company announced that the shareholders of the Company approved the Transaction at the Annual and Special General Meeting. Among other things, the meeting approved the acquisition by the Company of all of the issued and outstanding shares of Elephant Capital and a new 20% "rolling" equity incentive plan.

The Company changed its name to American Future Fuel Corporation on July 6, 2022.

2. BASIS OF PREPARATION

a) Statement of Compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on July 27, 2022.

b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currencies. The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are all entities over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Details of subsidiaries are as follows:

		Percentage owned	
	Incorporation Jurisdiction	March 31, 2022	March 31, 2021
Evolving Gold Corporation ("Evolving US")	USA	100%	100%
Rattlesnake Mining Corporation	Canada	100%	100%
Rattlesnake Mining Company (Wyoming)	USA	100%	100%

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements.

Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows. At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in profit or loss. Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value, or revalued, are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in profit or loss.

Impairment of Non-financial Assets

At the end of each reporting period, the Company's non-financial assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indications exist, the recoverable amount of the assets is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

Asset Retirement Obligations

The Company is subject to various government laws and regulations relating to environmental disturbances caused by its exploration activities. The Company records the present value of the estimated future costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and revegetation of the affected exploration sites. The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is included in profit or loss. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Share-based Payments

The Company may grant employees (including directors and senior executives) and non-employees stock options exercisable for common shares of the Company ("equity-settled transactions"). The costs of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date on which they are granted. In situations where equity instruments are issued to non-employees for goods or services, the transaction is measured at the fair value of the goods or services received by the Company. When the value of the goods or services cannot be specifically identified, they are measured at the fair value of the equity instrument.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees or counterparties become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. When stock options vest, the corresponding amount is recognized in option reserve. All equity-settled share-based payments are reflected in option reserves until exercised. Upon exercise, shares are issued from treasury and the amount recorded in option reserves is reclassified to share capital, adjusted for any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the equity-settled transactions or is otherwise beneficial to the employee, or counterparty, as measured at the date of modification.

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The proceeds received on the issuance of units, comprised of common shares and warrants, are allocated using the residual value method. Under the residual value method, proceeds are allocated first to share capital up to the fair value of the common shares at the time of issuance, determined by reference to the quoted market price of the common shares on the issuance date, with the residual amount of proceeds, if any, allocated to the reserve for warrants. The issuance of flow-through shares represents an issue of common shares and the sale of rights to tax deductions to the investors when the flow-through shares are issued. The sale of rights to tax deductions is deferred and presented as a liability in the consolidated statement of financial position. The proceeds received from flow-through shares are allocated between share capital, warrants, if any, and other liability using the residual method. Under the residual method, the proceeds are allocated first to share capital up to the fair value of the common shares at the time of issuance, determined by reference to the quoted market price of the common shares on the issuance date, with the residual amount of proceeds, if any, allocated to warrants based on their fair value, calculated using the Black-Scholes option pricing model, and then to other liability. The Company fulfils its obligation to investors when it renounces the right to the tax deductions and the eligible expenditures are incurred. Upon fulfilment of the Company's obligation, the amount initially recognized as a liability is extinguished and recognized in profit or loss.

Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date. Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is computed by dividing the earnings (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. Diluted loss per share equates to basic loss per share, as the effect of potentially dilutive securities would be anti-dilutive.

Financial Instruments

Financial Assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income.

A financial asset is measured at amortized cost if it meets the conditions that: i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and iii) is not designated as fair value through profit or loss or fair value through other comprehensive income.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets measured at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with changes in fair value therein, recognized in profit or loss.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

Financial assets measured at fair value through other comprehensive income are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in other comprehensive income (loss).

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance. The Company's cash and cash equivalents and reclamation bonds are included in financial assets at amortized cost.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition of financial assets

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

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

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities

Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method. The Company's accounts payable are included in financial liabilities at amortized cost.

Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises. The Company's asset retirement obligation is included in financial liabilities at fair value through profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are key management personnel of the Company or subject to common control or common significant influence; related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties regardless of whether a price is charged. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

New Accounting Standards and Interpretations

There are new accounting standards, amendments to accounting standards and interpretations that are effective for annual periods beginning on or after April 1, 2022 that have not been applied in preparing the consolidated financial statements for the year ended March 31, 2022. These standards and interpretations are not expected to have a material impact on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below.

Estimates

Asset Retirement Obligation

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions based on the current economic environment have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs, which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

Judgments

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities, and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

5. CASH

Cash at banks earn interest at floating rates based on daily bank deposit rates. As at March 31, 2022, cash included $3,959 (2021 - $140,580) held in commercial deposit accounts with a Canadian chartered bank.

6. FUNDS IN TRUST

Funds in trust consist of advances made to legal counsel to conduct certain corporate restructuring activities.

7. EXPLORATION AND EVALUATION EXPENDITURES

During the years ended March 31, 2022 and 2021, the Company did not incur any exploration expenditures. The Company had retained certain Quebec properties which were allowed to expire.

Expressed in Canadian Dollars

8. ASSET RETIREMENT OBLIGATIONS

The Company continues to maintain reclamation bonds on deposit related to its former United States properties pending the release of funds as a result of property inspections by the appropriate regulators. The full repayment of the bonds may take up to three years, as the refund of the balance of the bond held is dependent upon the regrowth of native flora. The Company may be required to engage in additional reclamation work to complete said regrowth.

The reclamation bonds balance and asset retirement obligations vary due to the effects of foreign exchange, and are as follows:

	March 31, 2022	**March 31, 2021**
Reclamation bonds	**$ 18,332**	**$ 18,458**
Asset retirement obligations	**$ 18,332**	**$ 18,458**

9. ACCOUNTS PAYABLE AND DEBT SETTLEMENTS

Accounts payable and accrued liabilities consists of trade payables, accruals and other non-trade payables. During the year, the Company determined that certain accounts payable were no longer applicable due to the statute of limitations being exceeded, and recorded a gain of $17,103 (2021 - $nil) on write off of those payables.

10. SHORT-TERM LOAN

On October 29, 2019, the Company entered into a convertible loan agreement (“CD”) with a shareholder, and received a loan of $60,000, bearing interest at a rate of 10% per annuum, repayable on October 29, 2020. The loan was convertible to common shares of the Company at the lesser of $0.75 per share, or such price the Company has then most recently issued shares on a private or public basis (subject to a minimum of five cents per share), and may be prepaid, provided a full 12 months of interest is paid. The Company issued 50,000 post-consolidation bonus shares to the lender. The Company had a contractual obligation to repay the loan, and the agreement contained a derivative that will be settled in the Company’s own equity instruments other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company’s own equity. The equity portion of the loan was valued using residual method after subtracting the fair value of the liability and derivative liability of the loan. The interest rate on the loan was approximately the market interest rate in determining the fair value of the liability component. Thus, no value was assigned to the derivative liability or the equity component. During the year ended March 31, 2021, the Company accrued interest of $4,832.

During the year ended March 31, 2021, the Company converted the shareholder loan and accrued interest, totaling $67,380, to common shares. Accordingly, 134,762 post consolidation common shares were issued at $0.50 per share. All shares were subject to a four month hold period from the date of issuance.

11. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, issuable in series. The holders of common shares are entitled to receive dividends, which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regard to the Company's residual assets.

Expressed in Canadian Dollars

The changes to share capital are summarized in the consolidated statements of changes in shareholders' deficiency. During the year ended March 31, 2021, the Company completed:

- A private placement to raise $250,000 through the distribution of 500,000 shares at $0.50 per unit. Each unit consisted of one share and one transferable share purchase warrant exercisable at $0.80 per share expiring February 9, 2023; and
- Converted the shareholder loan and accrued interest, totaling $67,380, by issuing 134,762 common shares at $0.50 per common share (Note 10).

On March 8, 2022, the Company announced that it has completed an over-subscribed non-brokered private placement (the "Financing") of 10,053,000 subscription receipts (each, a "Receipt") at a price of $0.50 per Receipt for gross proceeds of $5,026,500.00. Proceeds from the Financing were held in escrow pending completion of the Company's proposed acquisition of all of the outstanding share capital of Elephant Capital Corp. Following completion of the Transaction, each Receipt will be automatically converted into one common share of the Company and one common share purchase warrant of the Company, with each warrant entitling the holder thereof to purchase one additional common share of the Company at a price of $1.25 per share until March 8, 2026. All securities issued in connection with the Financing are subject to a statutory hold period expiring on July 9, 2022. In connection with completion of the Transaction and the conversion of the Receipts, the Company will issue 100,530 common shares to Winchester Advisory Ltd., and 100,530 to Fiore Management and Advisory Corp., arms-length third parties, for administrative services rendered in connection with the Financing. The company will also pay an aggregate finders' fee of $175,000 cash and issue an aggregate of 350,000 common share purchase warrants (the "Broker Warrants") (collectively, the "Finders' Fee") to certain arms-length third parties who assisted in introducing the parties to the Financing (the "Finders"). Each Broker Warrant entitles the holder to purchase one common share at a price of $1.25 until March 7, 2026.

b) Share Purchase Warrants

The following is a summary of changes in warrants for the years ended March 31, 2022 and 2021:

	March 31, 2022		March 31, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of year	600,000	$ 0.92	100,000	$ 1.50
Issued	-	$ -	500,000	$ 0.80
Expired	(100,000)	$ 1.50	-	-
Warrants outstanding, end of year	500,000	$ 0.80	600,000	$ 0.92

As at March 31, 2022, the Company had total outstanding warrants as follows:

Expiry date	Exercise price	Warrants outstanding
February 9, 2023	$0.80	500,000
		500,000

As at March 31, 2021, the Company had total outstanding warrants as follows:

Expiry date	Exercise price	Warrants outstanding
April 22, 2021	$1.50	100,000
February 9, 2023	$0.80	500,000
		600,000

During the year, the 100,000 warrants priced at $1.50 per share expired unexercised.

Expressed in Canadian Dollars

12. SHARE-BASED PAYMENTS

The Company established a share purchase option plan (the "Plan") in September 2004. In September 2007, shareholder approval was obtained to adopt a "rolling" stock option plan. The Board of Directors administers the Plan, pursuant to which the Board of Directors may grant, from time to time, incentive stock options up to an aggregate maximum of 10% of the issued and outstanding shares of the Company to directors, officers, employees, consultants or advisors. All options granted under the Plan shall expire not later than the tenth anniversary of the date the options were granted. The exercise price of an option is determined by the Board of Directors, but shall not be less than the market price of the common shares of the Company on the CSX on the last business day before the date on which the options are granted, less any discount permitted by the rules of the exchange. Vesting and terms are at the discretion of the Board of Directors. The vesting of options range from vested immediately, a vesting period of three months to a two-year period from the date of the grant at 25% and 20%, respectively. Options granted for investor relations vest in accordance with CSX regulation.

Details of options outstanding as at March 31, 2022 and 2021 are as follows:

	March 31, 2022		March 31, 2021	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning of year	112,400	$ 4.40	112,400	$ 4.40
Options expired	(112,400)	$ 4.40	-	$ -
Options outstanding, end of year	**-**	**$ -**	**112,400**	**$ 4.40**
Options exercisable, end of year	**-**	**$ -**	**112,400**	**$ 4.40**

As at March 31, 2022, no options were outstanding. As at March 31, 2021, the following options were outstanding:

Expiry date	Exercise price	Options outstanding
July 22, 2021	$5.00	75,000
September 30, 2021	$5.00	14,900
November 11, 2021	$2.00	22,500
		112,400

There were no options granted during the years ended March 31, 2022 or 2021. During the year, 112,400 options expired unexercised.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short term maturity of its financial instruments.

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in commodity prices. The Company is not exposed to significant commodity price risk.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar or other foreign currencies will affect the Company's operations and financial results. The Company has exposure to foreign exchange rate fluctuation. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk. The Company holds balances in United States dollars that could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate of the United States dollar to the Canadian dollar would affect the reported loss and comprehensive loss by approximately $730 (2021 - $725) as detailed below:

United States Dollar Denominated Balances	**March 31, 2022**	**March 31, 2021**
Accounts payable	$ (5,756)	$ (5,756)
10% change in exchange rate impact	**$ (730)**	**$ (725)**

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at March 31, 2022 and 2021 relating to cash of $3,959 and $140,580, respectively, held in deposits at a Canadian chartered bank. The Company considers this credit risk to be minimal for all cash assets based on changes that are reasonably possible at the reporting date

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditures.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

Accounts payable and other liabilities	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 2 years**	**Over 5 years**	**Total**
March 31, 2022	$ 720,697	$ -	$ -	$ -	$ 720,697
March 31, 2021	$ 258,531	$ -	$ -	$ -	$ 258,531

Fair Value

The Company classifies its cash as fair value through profit or loss measured at level 1 inputs of the fair value hierarchy. Accounts payable and accrued liabilities are carried at amortized cost.

The carrying values of accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

14. CAPITAL MANAGEMENT

The Company monitors its cash, common shares, warrants and stock options as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investors' confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements nor were there any changes in the Company's capital management processes during the years ended March 31, 2022 and 2021.

15. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include the Company's CEO and CFO. Payments to key management are recorded as management fees. No directors' fees were paid during the applicable years. The following key management compensation was incurred:

	Year ended March 31, 2022	Year ended March 31, 2021
Management fees and salaries	$ 60,000	$ 116,250
	$ 60,000	**$ 116,250**

Management fees are payable in Canadian dollars. The fees were accrued as payable to Bruce Duncan, the late CEO of the Company and later to his estate, and to a company controlled by Charles Jenkins, the Acting CEO and CFO of the Company. Unpaid and accrued management fees as of March 31, 2022 were $161,250 (2021 - $161,250) and are included in accounts payable and accrued liabilities.

Expressed in Canadian Dollars

16. INCOME TAXES

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	March 31, 2022	March 31, 2021
Net loss before income taxes	**$ (123,163)**	**$ (184,369)**
Tax recovery based on the statutory rate of 27% (2021: 27%)	(33,254)	(49,780)
Foreign income taxed at other than Canadian statutory rate	(33,636)	(617,511)
Impact of under-provision in previous year	123,486	1,399,320
Changes in unrecognized deferred tax assets	(679,334)	(416,506)
Origination and reversal of temporary differences	622,738	(315,523)
Income tax expense (recovery)	**$ -**	**$ -**

Deferred Income Tax Assets and Liabilities

Significant tax affected components of the Company's unrecognized deferred income tax assets and liabilities are as follows:

	March 31, 2022	March 31, 2021
Capital assets	$ 9,000	$ 9,000
Mineral properties	6,521,000	5,190,000
Non-capital losses carried forward	20,967,000	19,460,000
Capital losses	45,000	45,000
Unrealized foreign exchange gain	2,779,000	617,000
	30,321,000	25,321,000
Unrecognized deferred tax asset	(30,321,000)	(25,321,000)
Net deferred tax assets	**$ -**	**$ -**

The Company only recognizes deferred income tax assets to the extent to which it is probable that sufficient taxable income will be realized, or taxable temporary differences will reverse, during the carry-forward periods to utilize the deferred tax assets.

As at March 31, 2022, the Company had accumulated non-capital losses totaling approximately $16,527,000 in Canada expiring in various amounts from 2026 to 2041, and $70,410,000 in the US expiring in various amounts from 2028 to 2042 that may be applied against future year's taxable income in Canada and US.

17. EVENTS AFTER THE REPORTING PERIOD

On October 29, 2021, the Company announced that it had entered into a letter of intent (the "Letter"), dated effective October 26, 2021, pursuant to which it proposes to acquire (the "Transaction") all of the outstanding share capital of Elephant Capital Corp. ("Elephant Capital"). On February 22, 2022, the Company announced that the shareholders of the Company approved the Transaction at the Annual and Special General Meeting (Note 1).

On March 8, 2022, the Company announced that it has completed an over-subscribed non-brokered private placement (the "Financing") of 10,053,000 subscription receipts (each, a "Receipt") at a price of $0.50 per Receipt for gross proceeds of $5,026,500.00 (Note 11).

On May 25, 2022, the Company announced that it had completed the Transaction of all of the outstanding share capital of the privately held Elephant Capital Corp. ("ECC") and has changed its name to "Future Fuel Corporation". The Transaction proceeded pursuant to a definitive share purchase agreement (the "Agreement") dated April 14, 2022 among the Company, ECC and the former shareholders of ECC (the "Vendors"). Following completion of the Transaction, it is anticipated that the common shares of the Company will resume trading on the Canadian Securities Exchange (the "CSE") at the open of markets on May 26, 2022 under the symbol "AMPS" (the "Listing"). ECC is an arms-length resource exploration company, established under the laws of the province of British Columbia. ECC holds the rights to a mineral lease comprising approximately 6,700 acres of mineral rights and 5,700 acres of surface rights located in west-central New Mexico and commonly referred to as the "Cebolleta Uranium Project" (the "Project"), which it previously acquired from enCore Energy Corp. (TSXV: EU).

The Company changed its name to American Future Fuel Corporation on July 6, 2022.