# FUTURE FUEL CORPORATION

**(formerly, Evolving Gold Corp.)**

CSE Form 2A

Listing Statement

May 24, 2022

## CAUTIONARY STATEMENTS

This Listing Statement contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “does not expect”, “is expected”, “estimates”, “intends”, “anticipates”, “does not anticipate”, or “believes”, or variations of such words and phrases or states that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken to occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Future Fuel Corporation and its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Although Future Fuel Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Known and unknown factors could cause actual results or events to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: changes in interest rates; disruption to the credit markets and delays in obtaining financing; inflationary pressures; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark-to-market risk); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada or The United States of America, or other countries in which Future Fuel Corporation may carry on business; business opportunities that may be presented to, or pursued by Future Fuel Corporation; operating or technical difficulties in connection with operations on the mining properties; the possibility of cost overruns or unanticipated expenses; employee relations; the risks of obtaining and renewing necessary licenses and permits in the United States of America; diminishing quantities or grades of reserves; certain price fluctuations and assumptions for natural resources; the exchange rate between the applicable currencies being consistent; meeting production forecasts; and the occurrence of natural disasters, hostilities, pandemics, acts of war or terrorism. The factors identified above are not intended to represent a complete list of the factors that could affect Future Fuel Corporation or the Cebolleta Uranium Project. Additional factors are noted under the heading “*Section 17 - Risk Factors*”.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this Listing Statement. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this Listing Statement. All subsequent forward-looking information attributable to Future Fuel Corporation herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. Future Fuel Corporation does not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this Listing Statement or to reflect the occurrence of unanticipated events, except as may be required under applicable Securities Laws.

## *INDUSTRY AND OTHER STATISTICAL INFORMATION*

This Listing Statement includes market share, industry and other statistical information that the Company has obtained from independent industry publications, government publications, market research reports and other published independent sources. Such publications and reports generally state that the information contained therein has been obtained from sources believed to be reliable. Although the Company believes these publications and reports to be reliable, it has not independently verified any of the data or other statistical information contained therein, nor has it ascertained or validated the underlying economic or

other assumptions relied upon by these sources. The Company does not intend, and undertakes no obligation, to update or revise any such information or data, whether as a result of new information, future events or otherwise, except as, and to the extent required by, applicable securities laws.

## *GENERAL*

All financial information in this Listing Statement is prepared in Canadian dollars and using International Financial Reporting Standards. Unless otherwise specified, in this Listing Statement, all references to "dollars", "CDN$" or to "$" are to Canadian dollars. References to USD$ shall mean the United States Dollars. The information contained herein is dated as of May 24, 2022, unless otherwise stated.

## TABLE OF CONTENTS

SCHEDULES

**Schedule "A"** **Company Consolidated Financial Statements**

- For the fiscal years ended March 31, 2021, 2020 and 2019
- For the nine months ended December 31, 2021

**Schedule "B"** **Company MD&A**

- For the year ended March 31, 2021
- For the nine months ended December 31, 2021

**Schedule "C"** **Elephant Financial Statements**

- For the year ended December 31, 2021

**Schedule "D"** **Elephant MD&A**

- For the year ended December 31, 2021

**Schedule "E"** **Cibola Financial Statements**

- For the nine months ended September 30, 2021

**Schedule "F"** **Pro Forma Consolidated Financial Statements**

- Unaudited *pro forma* consolidated financial statements for Future Fuel Corporation for the period ended December 31, 2021

**Schedule "G"** **Statement of Executive Compensation**

**Schedule "H"** **Equity Plan**

## 1. Glossary of Terms

The following is a glossary of certain terms and abbreviations used in this Listing Statement. Terms and abbreviations used in this Listing Statement and also appearing in the documents attached as schedules hereto (including the financial statements) are defined separately. Words below importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"**Affiliate**" means a company that is affiliated with another company as described below. A company is an Affiliate of another company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is "controlled" by a Person if (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company. A Person beneficially owns securities that are beneficially owned by (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

"**Associate**" when used to indicate a relationship with a person or company, means (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer, (b) any partner of the person or company, (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity, and (d) in the case of a person, a relative of that person, including (i) that person's spouse or child, or (ii) any relative of the person or of his spouse who has the same residence as that person.

"**Audit Committee**" means the audit committee of the Company.

"**BCBCA**" means the *Business Corporations Act* (British Columbia), including the regulations thereunder, as amended.

"**Board**" means the board of directors of the Company.

"**Cebolleta Lease**" has the meaning ascribed to that term on page 22 of this Listing Statement.

"**Cebolleta Uranium Property**" has the meaning ascribed to such term under Section 4.3 – *The Cebolleta Project, New Mexico.*

"**CEO**" means chief executive officer.

"**CFO**" means chief financial officer.

"**Cibola**" has the meaning ascribed to that term on page 14 of this Listing Statement.

"**Company**" means Evolving Gold Corp., a company continued under the BCBCA, and Future Fuel Corporation following completion of the Elephant Acquisition and the Name Change.

"**Consideration Shares**" means the 56,541,251 Shares issued to the Elephant Shareholders pursuant to the terms of the Share Purchase Agreement at a deemed price of $0.50 per Share.

"**Conversion Share**" has the meaning set out Section 3.1 – *General Developments of the Business – Financings*.

"**Conversion Unit**" has the meaning set out Section 3.1 – *General Developments of the Business – Financings*.

"**Conversion Warrant**" has the meaning set out Section 3.1 – *General Developments of the Business – Financings*.

"**Conversion Warrant Share**" has the meaning set out Section 3.1 – *General Developments of the Business – Financings*.

"**CSE**" means the Canadian Securities Exchange.

"**CSE Approval**" means the final approval of the CSE in respect of the listing of the Shares on the CSE following completion of the Elephant Acquisition, as evidenced by the issuance of the final approval bulletin of the CSE in respect thereof.

"**CSE Policies**" means the rules and policies of the CSE in effect as of the date hereof.

"**Effective Date**" means the date the Elephant Acquisition became effective.

"**Escrow Agreement**" has the meaning ascribed to that term under Section 11 – *Escrowed Securities*.

"**Elephant**" means Elephant Capital Corp.

"**Elephant Acquisition**" means the acquisition by the Company of 100% of the outstanding Elephant Shares in exchange for the issuance of the Consideration Shares to the (former) Elephant Shareholders, and the related transactions contemplated by the Share Purchase Agreement, which will be a "Fundamental Change" transaction for the Company pursuant to Section 1.1 (a) of CSE Policy 8.

"**Elephant Share**" means a common share without par value in the capital stock of Elephant.

"**Elephant Shareholders**" means the holders of Elephant Shares.

"**Encore**" means Encore Energy Corp.

"**Escrow Release Conditions**" means: (a) the Company receiving all applicable regulatory approvals for the Subscription Receipt Financing and completion of the Elephant Acquisition; (b) the Company receiving the conditional acceptance of the CSE pursuant to Policy 8 – *Fundamental Changes and Changes of Business* for the listing of its Shares following completion of the Elephant Acquisition; (c) the receipt by the Company from each subscriber of the Subscription Receipts, in form and content satisfactory to the Company in its sole discretion, of any other documents required by the CSE and applicable securities laws which the Company requests; and (d) the truth, at the time of acceptance and as at closing of the Subscription Receipt Financing, of the subscriber's representations and warranties under the Subscription Receipt subscription agreement.

"**Escrow Release Date**" means the date that the Escrow Release Conditions have been satisfied.

"**Escrowed Funds**" means the gross proceeds from the Subscription Receipt Financing.

"**Finders' Fee**" means an aggregate total of $175,000 cash paid and 350,000 common share purchase warrants (the "**Broker Warrants**") to certain arms'-length third parties who assisted in introducing the parties to the Subscription Receipt Financing. Each Broker Warrant entitles the holder to purchase one common share at a price of $1.25 until March 8, 2026.

"**Fundamental Change**" has the meaning ascribed to that term under the CSE Policies pursuant to Policy 8 – *Fundamental Changes and Changes of Business*.

"**IT**" has the meaning set out in Section 17.1 – *Risk Factors – Description of Risk Factors.*

"**Listing**" means the listing of the common shares of the Company on the CSE.

"**Listing Date**" means the date on which the common shares of the Company are listed for trading on the CSE.

"**Listing Statement**" means this CSE Form 2A Listing Statement, together with all Schedules hereto.

"**MD&A**" means Management Discussion and Analysis.

"**Name Change**" means the change of name of the Company to "Future Fuel Corporation" following the completion of the Elephant Acquisition.

"**NEI**" means Neutron Energy Inc., a subsidiary of Encore.

"**NEO**" or "**Named Executive Officer**" means, with respect to the Company each of the following individuals:

(a) a CEO;

(b) a CFO;

(c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with subsection 1.3(6) of National Instrument 51-102, for that financial year; and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

"**NI 43-101**" means National Instrument 43-101 - Standards of Disclosure for Mineral Projects

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**NP 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings*.

"**Participants**" has the meaning ascribed to that term under Section 9 – *Options to Purchase Securities.*

"**Person**" includes

(a) any corporation, company, limited liability company, partnership, Governmental Authority, joint venture, fund, trust, association, syndicate, organization, or other entity or group of persons, whether incorporated or not, and

(b) any individual, including in his or her capacity as trustee, executor, administrator, or other legally appointed representative.

"**Related Person**" has the meaning ascribed to that term in the CSE Policies.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**Share**" means a common share without par value in the capital stock of the Company.

"**Share Purchase Agreement**" means the Share Purchase Agreement among the Company, Elephant and the Elephant Shareholders dated April 14, 2022, pursuant to which the Company acquired all of the issued and outstanding securities of Elephant in exchange for securities of the Company.

"**Shareholders**" means holders of the Shares.

"**Stock Option Plan**" means the Company's rolling stock option plan.

"**Subscription Receipt Financing**" has the meaning ascribed to that term under Section 3.1 – *General Development of the Business – Financings*.

"**Subscription Receipts**" has the meaning set out in Section 3.1 – *General Development of the Business – Financings*.

"**Technical Report**" means the report on the Cebolleta Uranium Property prepared for the Company and Elephant by Apex Geoscience Ltd, dated January 7, 2022, prepared in accordance with NI 43-101.

"**Warrants**" means the outstanding Share purchase warrants of the Company and Elephant.

## 2. Corporate Structure

### 2.1 Corporate Name and Head and Registered Office

This Listing Statement has been prepared with respect to the Company in connection with its acquisition of all of the issued and outstanding shares of Elephant.

***The Company***

The corporate name of the Company is "Future Fuel Corporation" (formerly, Evolving Gold Corp.). The registered office of the Company is Suite 2900 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J5; and its head office is Suite 2250 - 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. Following completion of the Elephant Acquisition, the registered office of the Resulting Company is expected to be Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 and its head office is 8th Floor, 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

***Elephant***

The corporate name of Elephant is "Elephant Capital Corp." The head and registered office of Elephant is located is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8

### 2.2 Jurisdiction of Incorporation

***The Company***

The Company was incorporated under the Canada Business Corporations Act on June 19, 2003; and continued to British Columbia under the BCBCA on March 3, 2015. The Company is a reporting issuer in the Provinces of British Columbia, Alberta, and Ontario. The Company's Shares are listed on the CSE. The Acquisition will constitute a "fundamental change" of the Company under CSE Policies, following which the Company will continue to be listed on the CSE.

On completion of the Elephant Acquisition on May 24, 2022, the Company changed its name to Future Fuel Corporation.

Refer to Section 2.3 – *Intercorporate Relationships* for further details on incorporation of direct and indirect wholly-owned subsidiaries.

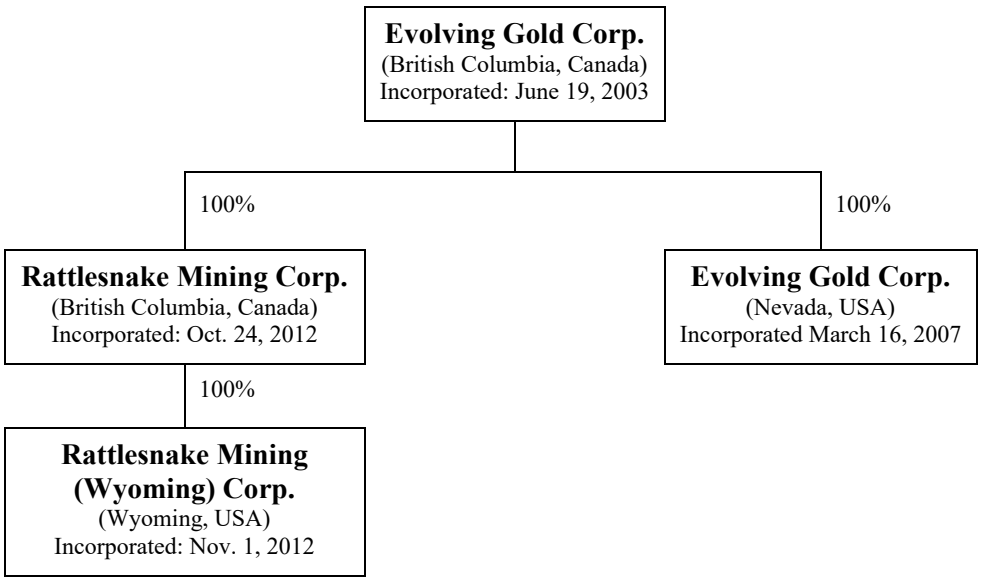
***Elephant***

Elephant was incorporated under the laws of the Province of British Columbia pursuant to the BCBCA on June 14, 2021

## 2.3 Intercorporate Relationships

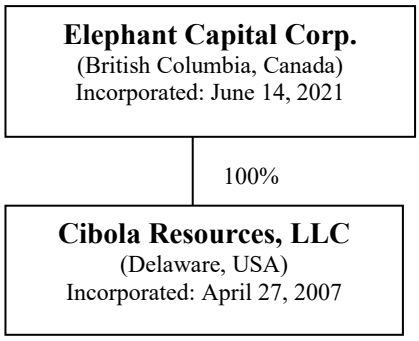
***The Company***

The Company has three wholly owned subsidiaries – Evolving Gold Corporation (Nevada), Rattlesnake Mining Corporation (British Columbia), and Rattlesnake Mining Company (Wyoming).

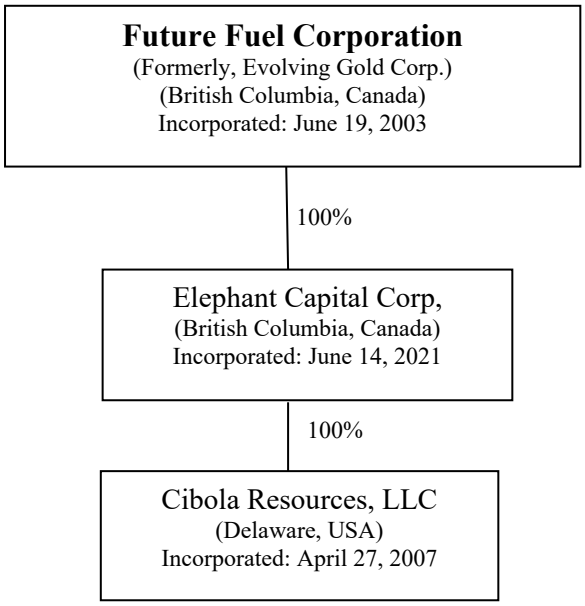



***Elephant***

Elephant has one subsidiary, Cibola registered in the State of Delaware on April 27, 2007.




Upon the completion of the Elephant Acquisition, the Company disposed of its three former subsidiaries, changed its name to "Future Fuel Corporation" and has two subsidiaries, Elephant Capital Corp. and Cibola. The organizational chart of the Company following completion of the Elephant Acquisition is set out below:




The entities shown in the above corporate organizational structure only have common shares outstanding. The Company will directly or indirectly own 100% of the common shares of all entities in its corporate organizational structure.

### 2.4 Fundamental Change

On April 14, 2022, the Company entered into the Share Purchase Agreement with arm's length parties, Elephant and the Elephant Shareholders, pursuant to which it proposed to acquire all of the issued and outstanding Elephant Shares.

Subject to the terms and conditions of the Share Purchase Agreement, at the closing of the Elephant Acquisition, 100% of the Elephant Shares were sold to the Company, pursuant to which, among other things, on the Effective Date:

(a) as consideration for the acquisition of Elephant Shares by the Company, the Company issued the Consideration Shares to the former Elephant Shareholders;

(b) Elephant became a wholly-owned subsidiary of the Company; and

(c) the Company was renamed "Future Fuel Corporation."

The Elephant Acquisition was a reverse takeover and a Fundamental Change under the CSE Policies, as it was comprised of a major acquisition that constituted 100% of the Company's business on completion and included a change of control. The CSE Policies required that, prior to closing the Elephant Acquisition, the majority of the entitled Shareholders approve the acquisition. The requisite threshold for such majority approval is 50% of the outstanding Shares plus one Share. The Company proposed to secure such Shareholder approval by calling a meeting. As such, in consultation with the CSE, the Company prepared an information circular, and delivered to Shareholders of the Company on January 26, 2022, a copy of the written resolutions to approve the Elephant Acquisition, together with a copy of a draft Listing Statement. The information circular provided the Shareholders with further details concerning the Elephant Acquisition and the business

of Elephant for their consideration and evaluation in deciding whether to approve such transaction. A majority of the Shareholders approved the Elephant Acquisition by resolutions at the Shareholder meeting.

Upon completion of the Elephant Acquisition, the directors of the Company are Joel Shacker, Adam Cegielski and Stephen Goodman and the officers include Luke Montaine as CEO and Geoff Balderson as CFO and Corporate Secretary.

Upon completion of the Elephant Acquisition and the Subscription Receipt Financing, the issued and outstanding capital of the Company consists of approximately 71,112,311 Shares. As a result, former shareholders of Elephant hold approximately 80% of the outstanding common shares of the Company on a non-diluted basis.

The Company has two wholly owned subsidiaries, Elephant (British Columbia, Canada) and Cibola (Delaware, USA).

The diagrams above in Section 2.3 – *Intercorporate Relationships* sets out the corporate structure of the entities prior to and after completion of the Elephant Acquisition.

### 2.5 Non-corporate Issuers and Issuers Incorporated Outside of Canada

This section is not applicable.

## 3. GENERAL DEVELOPMENT OF THE BUSINESS

### 3.1 General Development of the Business

***The Company***

The following is a general description of the development of the Company's business over its three most recently completed financial years, up to and including the date of this Listing Statement.

The Company was previously involved in mineral exploration in Canada and the United States, principally its properties in Nevada, USA and in Quebec, Canada.

During the fiscal year ended March 31, 2019 ("**Fiscal 2019**") the Company held each of the Lithium Lakes, Toro, Nicobi and Oxen properties in Quebec. The Company expended an aggregate of $38,643 toward work on those properties in Fiscal 2019 ($569,247 in the fiscal year ended March 31, 2018). The decrease in expenditures reflected the Company's lack of financial resources and its inability to raise additional funding to further explore those properties. The Company also expended $8,131 toward reclamation costs on its previously held Jake Creek property in Nevada ($16,103 in the fiscal year ended March 31, 2018).

During the fiscal year ended March 31, 2020, the Company:

(i) announced that its proposed acquisition of Bocana Resources Ltd. ("**Bocana**"), (previously announced September 5, 2018) had been terminated. As a result of a mutually agreed settlement, the $88,000 loan and accrued interest received by the Company from Bocana was forgiven;

(ii) ended its office lease effective July 31, 2019, and sold or otherwise disposed of all of its furniture, office equipment and computers for proceeds of $4,000;

(iii) received $60,000 pursuant to a one year convertible loan agreement (the "**Loan**") with a shareholder, and issued 50,000 bonus shares to the lender; and

(iv) did not incur any acquisition or exploration expenses on any of its mineral property assets, other than to spend $2,740 toward reclamation work on its Jake Creek property in Nevada. Following an evaluation of its Quebec properties, and as the Company had no funds to continue work on them, the Quebec properties were allowed to lapse.

As a result, effective March 31, 2020 the Company had no active business, and began to seek alternative opportunities.

During the fiscal year ended March 31, 2021, the Company:

(i) completed a private placement of 500,000 units at $0.50 per unit to raise $250,000. Each unit consisted of one common share and one share purchase warrant (exercisable at $0.80 per share until February 9, 2023); and

(ii) converted the Loan and accrued interest (aggregating $67,380) to shares of the Company at $0.50 per share, for a total of 134,762 shares.

Since March 31, 2021 (being the date of the most recently filed annual financial statements) the Company has undertaken the following:

1. Completed a consolidation of its outstanding common shares on the basis of one new consolidated Share for every 10 previously outstanding shares. As a result, the 22,569,994 outstanding shares were consolidated to 2,257,000 Shares

2. Negotiated, entered into, and closed the Share Exchange Agreement, whereby the Company has acquired all of the outstanding shares of Elephant in exchange for the Consideration Shares.

3. In conjunction with the acquisition of Elephant, the Company also completed the following:

   (i) the Subscription Receipt Financing, for gross proceeds of $5,056,500;

   (ii) obtained shareholders' approval to the Company's acquisition of Elephant, the concurrent change of business, and any change of control resulting therefrom;

   (iii) changed its name from "Evolving Gold Corp." to "Future Fuel Corporation";

   (iv) changed its board of directors to reflect the resignations of all directors, and the appointment of Joel Shacker, Adam Cegielski and Stephen Goodman; and

   (v) appointed new executive officers – Luke Montaine, (CEO), and Geoff Balderson (CFO and Corporate Secretary).

***Elephant***

Elephant is a resource exploration company, established under the laws of the Province of British Columbia. Elephant holds the rights to acquire all of the outstanding share capital of Cibola, which itself controls 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" (the "**Project**" or "**Cebolleta**"). Cebolleta is an advanced exploration uranium project located within the Grants Mineral Belt of New Mexico; an area that is host to one of the largest concentrations of sandstone-hosted uranium in the world. Cebolleta has an historical in-situ Inferred Mineral Resource of ~ 19,000,000 lbs $U_3O_8$.[1]

[1] "NI 43-101 Technical Report on Resources Cebolleta Uranium Project, Cibola County, New Mexico, USA" – effective Date: March 24, 2014

*The Cebolleta mineral resource estimate presented herein use the appropriate mineral resource categories and modern statistical techniques as per CIM Definition Standards on Mineral Resources & Reserves (2014), however, a Qualified Person (QP) does not have enough information to verify the resource estimate as a current mineral resource, as per the CIM Estimation of Mineral Resources & Mineral Reserves Best Practices Guidelines (2019), therefore the estimate is considered historical in nature. The historical resource estimation discussed is relevant in that it was prepared and calculated by reputable companies that were intimately familiar with, and knowledgeable about, the property and the geology and resource potential of the Project. The historical resource does provide an indication of the extent of mineralization identified by previous operators at the project. A QP has not done sufficient work to classify the historical estimate as a current mineral resource, therefore, the historical estimate is not being treated as a current resource. The Issuer is not treating the historical estimate as current mineral resources or mineral reserves.*

***History of Elephant***

On June 28, 2021, Elephant entered into a letter of intent with Encore for the proposed acquisition of all of the outstanding share capital of Cibola and on August 27, 2021, Elephant entered into a share purchase agreement with Encore, Neutron Energy Inc. (NEI), a subsidiary of Encore and Cibola. Under the terms and conditions of the share purchase agreement, Elephant agreed to purchase all of Cibola's Interests held by NEI, including the Cebolleta Uranium Property held under the Cebolleta Lease. In consideration for the completion of the acquisition, Elephant completed a cash payment of USD $250,000 and shall issue to Encore 11,308,250 Shares which will result in Encore controlling twenty-percent of the outstanding share capital of Elephant following issuance and prior to completion of the Elephant Acquisition, refer to *"Section 2.4 - Fundamental Change"*.

On October 13, 2021, Elephant completed a non-brokered private placement, consisting of the issuance of 43,300,000 common shares at a price of $0.05 per Share for gross proceeds of $2,165,000. In connection with completion of the private placement Elephant issued 433,000 Shares at a deemed price of $0.05 for gross proceeds of $21,650 to Winchester Advisory Ltd., an arm's-length third-party, for administrative services rendered in connection with closing of the private placement.

On October 26, 2021, Elephant entered into a letter of intent with the Company and on April 14, 2022 entered into the Share Purchase Agreement with the Company and completed its sale to the Company on May 24, 2022, refer to, *"Section 2.4 - Fundamental Change"*. Prior to completion of the transaction, Elephant issued a further 11,308,250 Elephant Shares to Encore to complete the acquisition of the Project.

## 3.2 Significant Acquisitions and Dispositions

Please refer to Section 3.1 – *Three Year History of the Company* and Section 3.1 – *Three Year History of the Company and Elephant*.

***The Elephant Acquisition***

On October 26, 2021, the Company entered into a letter of intent for the Elephant Acquisition, pursuant to which it proposed to acquire all of the outstanding share capital of Elephant. On April 14, 2022, the Company entered into the Share Purchase Agreement with Elephant and the acquisition was completed on May 24, 2022.

Elephant is an arms-length company, established under the laws of the Province of British Columbia, and is involved in the acquisition and exploration of early-stage mineral properties, principally in the west-central New Mexico. The Elephant Acquisition constituted as a fundamental change for the Company under the

policies of the CSE and therefore, at the Company's request, trading in the Shares was halted on the CSE on October 28, 2021.

Elephant's principal asset is a 100% interest, held through Cibola, in an early-stage exploration project in respect of the Cebolleta Uranium Project, in west-central New Mexico.

***Acquisition Consideration***

In consideration for the Elephant Acquisition, the Company issued 56,541,251 Consideration Shares at a deemed price of $0.50 per Share. Of these, 11,308,250 Consideration Shares are subject to voluntary escrow in accordance with the Escrow Agreement.

***Concurrent Financing***

In connection with the Elephant Acquisition, the Company completed a financing for gross proceeds of $5,056,500 through the issuance of 10,113,000 Subscription Receipts at a price of $0.50 per Subscription Receipt. The securities issued in connection with the Subscription Receipt Financing are subject to a four-month statutory hold period from the date of closing of the financing. Upon the completion of the Elephant Acquisition, each Subscription Receipt automatically converted into one (1) unit of the Company (each, a "**Conversion Unit**"). Each Conversion Unit consists of one (1) common share of the Company (each, a "**Conversion Share**"), and one (1) common share purchase warrant (each, a "**Conversion Warrant**") with each Conversion Warrant entitling the holder thereof to purchase one (1) additional common share (each, a "**Conversion Warrant Share**") of the Company at a price of $1.25 per Conversion Warrant Share for a period of forty-eight (48) months from their date of issue.

***Finders' Fees and Administrative Fees***

In connection with the Elephant Acquisition and the Subscription Receipt Financing, the Company issued an aggregate total of 1,600,530 common shares to Winchester Advisory Ltd., and 600,530 common shares to Fiore Management and Advisory Corp., an arms'-length third parties, for administrative services rendered in connection with the Subscription Receipt Financing and closing of the Elephant Acquisition. The Company also paid an aggregate finders' fee of $175,000 cash and issued an aggregate of 350,000 common share purchase warrants (the "**Broker Warrants**") to certain arms'-length third parties who assisted in introducing the parties to the Subscription Receipt Financing. Each Broker Warrant entitles the holder to purchase one common share at a price of $1.25 until March 8, 2026. Canaccord Genuity Corp., and PI Financial Corp., were engaged as the Company's exclusive finders in connection with the Subscription Receipt Financing.

### 3.3 Trends, Commitments, Events or Uncertainties

The most significant trends and uncertainties which management expects could impact its business and financial condition of the Company are listed in Section 17 – *Risk Factors*.

## 4. NARRATIVE DESCRIPTION OF THE BUSINESS

### 4.1 General

***The Company***

The Company was previously engaged in the acquisition, exploration and development of natural resource properties in Quebec and Nevada. See "*Development of the Business – Company*" above for details. Currently, the Company carries on the business operated by Elephant.

***Principal Products***

The Company is in the mineral exploration of early-stage uranium properties, principally in west-central New Mexico and commonly referred to as the Cebolleta Uranium Project. It does not have any marketable products at this time and is not distributing any products at this time. In addition, the Company does not know when or if its properties will reach the development stage and if so, what the estimated costs would be to reach commercial production.

***Competitive Conditions***

The mineral exploration business is a competitive business. The Company competes with numerous other companies and individuals who may have greater financial resources in the search for and the acquisition of personnel, contractors, funding and attractive mineral properties. As a result of this competition, the Company may be unable to obtain additional capital or other types of financing on acceptable terms or at all, acquire properties of interest or retain qualified personnel and/or contractors. See "*Risk Factors – Competition*" below.

***Environmental Protection***

The Company's exploration activities are subject to various levels of federal and provincial laws and regulations relating to the protection of the environment. Due to the early stage of the Company's activities, environmental protection requirements have had a minimal impact on the Company's capital expenditures and competitive position. If needed, the Company will make and will continue to make expenditures to ensure compliance with applicable laws and regulations. New environmental laws and regulations, amendments to existing laws and regulations, or more stringent implementations of existing laws and regulations could have a material adverse effect on the Company by potentially increasing capital and/or operating costs. See "*Risk Factors – Environmental and Other Regulatory Requirements*" below.

***Employees***

As at the date of this Listing Statement, the Company and Elephant have no employees. The operations of the Company are managed by its directors and officers. The Company and Elephant engages consultants from time to time in the areas of mineral exploration, geology and business negotiations and management. See "*Risk Factors – Reliance upon Key Management and Other Personnel*" below.

***Specialized Skill and Knowledge***

The Company's business requires specialized skill and knowledge in the areas of geology, mineral exploration, business negotiations, accounting, law and management. To date, the Corporation has been able to locate and retain such employees and consultants and believes it will continue to be able to do so. See "*Risk Factors – Reliance upon Key Management and Other Personnel*" below.

***Foreign Operations***

The Company is incorporated pursuant to the laws of the Province of British Columbia and is a reporting issuer in the provinces of Alberta and British Columbia. The Company's principal asset is located in west-central New Mexico and commonly referred to as the Cebolleta Uranium Project. The Company does not anticipate that such a corporate structure will limit or inhibit the ability of the Company to oversee and monitor of its foreign operations.

### *Elephant*

Elephant is a resource exploration company, established under the laws of the Province of British Columbia. Elephant holds the rights to acquire all of the outstanding share capital of Cibola, which itself controls 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.

Following the Elephant Acquisition and the Subscription Receipt Financing, the Company will have $6,254,486 in available working capital and will focus its efforts on the existing business of Elephant.

To accomplish the Company's stated business objectives, it will work towards the following milestones in accordance with the timelines at the anticipated costs set out below.

| Milestones | Time Period Start | Time Period End | Estimated Costs and Assumptions |
|---|---|---|---|
| • Validation/Infill Drilling (1) | 2022 Q4 (Based on anticipated date for receipt of drilling permits) | 2022 Q4 to 2023 Q1 | $652,000 |
| • Exploratory Groundwork, Data analysis, and Geophysics (1) | 2022 Q2 | 2022 Q4 | $290,000 |

**Notes:**

(1) See Table 4.1 Work recommendations with estimated costs for further details.

Exploration and Development of Business

Validation and infill drilling $652,000 and Exploratory Geophysics $290,000.

### *Total Funds Available*

As at April 30, 2022, the Company had a working capital deficiency of approximately $216,943 and Elephant had a working capital of approximately $1,589,929. Upon closing of the Elephant Acquisition and the Subscription Receipt Financing, the Company has a working capital surplus of $6,254,486 comprised of the following:

| Sources and Uses of Working Capital | Amount ($) |
|---|---|
| Working Capital Deficiency (Company) | (216,943) |
| Working Capital (Elephant) | 1,589,929 |
| Gross Proceeds of Subscription Receipt Financing | 5,056,500 |
| **Total Sources of Working Capital** | **6,429,486** |
| Less: Estimated Expenses of Elephant Acquisition | (175,000) |
| **Total Available Working Capital** | **6,254,486** |

Following completion of the Elephant Acquisition, the Company intends to use these funds for the 12 months following completion of the proposed transaction as follows:

| Use of Funds | Amount ($) |
|---|---|
| Remaining costs of CSE Listing | 100,000 |
| Exploration activities | |
| Validation/infill drilling | 652,000 |
| Exploratory geophysical surveys and drilling | 290,000 |
| Metallurgic test work | 250,000 |
| Community outreach and environmental studies | 45,000 |
| Mineral resource modelling and estimations technical reporting | 45,000 |
| Preliminary Economic Assessment technical reporting | 250,000 |
| 10% contingency on exploration activities | 153,200 |
| Marketing and investor relations | 200,000 |
| Salaries and consulting fees:<br>• Luke Montaine (Wild Mountain Consulting) - $10,000<br>• Jeet Basi (SVK Metrix Inc.) - $3,500<br>• Anna Hicken (GEOMAX Consulting) - $3,500<br>• Fiore Management & Advisory Corp. – $10,000<br>• Winchester Securities Corp. - $20,000<br>• 12 months = 12 * $47,000 = $564,000 | 564,000 |
| Professional fees (legal and accounting):<br>• Winchester Advisory - $10,000<br>• Cassels - $10,000 (estimated) | 240,000 |
| Administrative, regulatory, and travel expenses | 213,000 |
| Unallocated general working capital | 3,252,286 |
| **Total:** | **6,254,486** |

The Company estimates that its total cash and cash equivalents is sufficient to meet its cash requirements set out above for the next 12 months. The Company may require additional financing to fund its administrative expenses and any proposed acquisitions, if applicable. The Company has historically satisfied its capital needs by issuing equity securities or by loans from related parties.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Company. For these reasons, management of the Company considers it to be in the best interests of the Company and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. If, as a result of changes in the Company's business, assets, operations or circumstances, the Board and management of the Company should determine that the proceeds of the Subscription Receipt Financing should be employed other than as set forth above, the funds shall be allocated on such other business activities and assets as the Board and management reasonably determine. Further, the above uses of available funds should be considered estimates. See Section 17 - *Risk Factors* and *Forward-Looking Statements*.

The estimated timeframe for starting the Phase 2 work program following completion of Phase 1 will depend on the results of Phase 1 and the receipt of necessary permitting.

## 4.2 Asset-backed Securities

The Company will not have any asset-backed securities outstanding.

## 4.3 The Cebolleta Project, New Mexico

The Company's material property is the Cebolleta Uranium Property (the "**Cebolleta Property**") in Cibola county, New Mexico, USA. Information of a scientific or technical nature in respect of the Ceboletta in this Listing Statement is derived from portions of the technical report for the Cebolleta Property titled *National Instrument 43-101 Technical Report, Geological Introduction to the Cebolleta Uranium Property, Cibola County, New Mexico, USA*, with an effective date of January 7, 2022 (the "**Technical Report**") prepared by prepared by Mr. Roy Eccles M.Sc. P. Geol. of APEX Geoscience Ltd. in Edmonton, Alberta, Canada, and Mr. Dean T. ("Ted") Wilton PG, CPG, MAIG, an independent Consulting Geologist in Spanish Springs, Nevada (NV), USA. Both authors are independent of the Issuer and are Qualified Persons as defined in National Instrument 43-101.

Investors should consult the Technical Report to obtain further particulars regarding the Cebolleta Property. The Technical Report will be available in its entirety under the Company's profile on SEDAR at www.sedar.com and readers are cautioned that the summary of the technical information in this Listing Statement should be read in the context of the qualifying statements, procedures and accompanying discussion within the complete Technical Report and the summary provided herein is qualified in its entirety by the Technical Report.

Definitions contained in this section and not otherwise defined in this Listing Statement, shall have the meanings ascribed to such definitions in the Technical Report.

***Information Used***

The principal sources of information used to compile the Technical Report comprise of: (i) technical reports and data variously compiled by Elephant its partners or consultants; (ii) discussions with Elephant's personnel; (iii) publicly available information; and (iv) a site visit undertaken by Ted Wilton a Qualified Person on December 28 and 29, 2021.

***Site Visit***

The Qualified Person visited the site on December 28 and 29, 2021. The author travelled to the project from Reno Nevada via commercial airplane. The author spent two days on the Project in New Mexico, USA.

***Reliance on other Experts***

The author has not relied on reports, opinions, or statements of legal or other experts who are not qualified persons for information concerning environmental, political, or other issues and factors relevant to this Technical Report. The author has relied on opinions provided by the Company for information concerning legal and mineral tenure issues.

### *4.3.1 Property Description and Location*

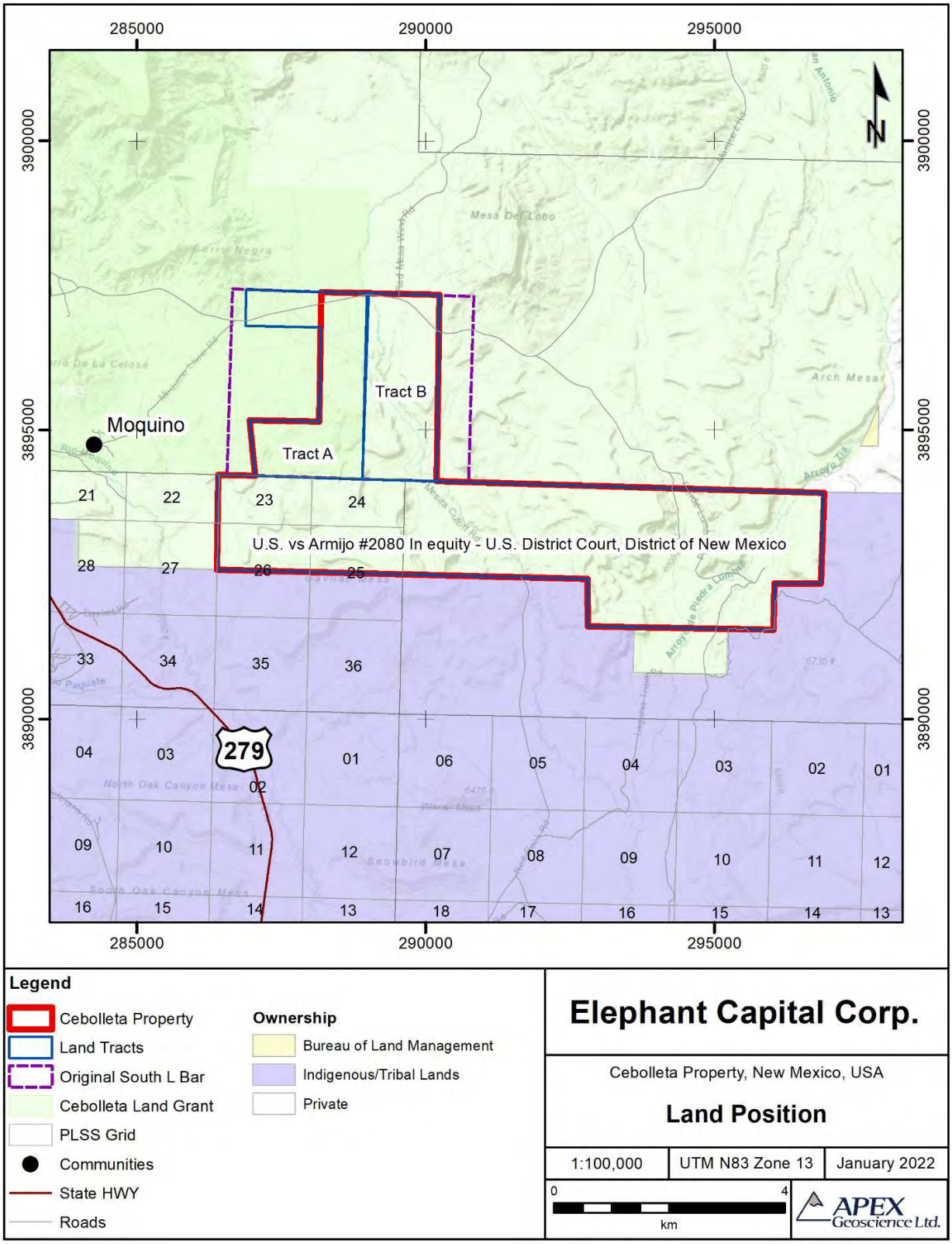
The Project is in the northeastern corner of Cibola County in west central New Mexico, approximately 45 miles (75 kilometres; km) west of the city of Albuquerque, NM. The Property encompasses 6,717 acres (2,718 hectares) of mineral rights and approximately 5,700 acres (2,307 hectares) of surface rights owned in fee by La Merced del Pueblo de Cebolleta (the Cebolleta Land Grant). Three tracts of land make up the

Property and include the "South L Bar Tract" (1,917 acres) and the "St. Anthony Tracts" (4,800 acres).

The Cebolleta Land Grant is a political subdivision of the State of New Mexico. It originally formed part of an expansive Spanish land grant that was made to certain individuals by the King of Spain when Mexico (and certain portions of New Mexico) was a Spanish colony. Under the Treaty of Guadalupe Hidalgo, which ended in the Mexican American War in 1848, the United States agreed to uphold private property within land grants in the territory ceded by Mexico to the United States. The legislation that admitted New Mexico as a State into the Union (enacted in 1912) contained further provisions recognizing and honoring the ownership rights of the Cebolleta Land Grant owners and their heirs. As a result of the federal legislation, the lands of the Cebolleta Land Grant are part of the United States; however, they are not subjected to land management practices of the United States government, such as the Bureau of Land Management.

The Cebolleta Property is held under the Cebolleta Lease, an agreement between the Cebolleta Land Grant and Neutron Energy Inc. ("**NEI**" or "**Vendor**"), a subsidiary of Encore. The lease was affirmed by the New Mexico District Court in April 2007 and provides NEI with the right to explore for, mine and process uranium deposits present on the Cebolleta Property and includes surface use and access rights. On August 27, 2021, Elephant Capital entered into a Share Purchase Agreement (the "**Agreement**") with Encore, NEI and Cibola. Under the terms and conditions of the Agreement, Elephant Capital agreed to purchase all the issued and outstanding share capital of Cibola (the "Corporation Interests") held by NEI, which includes the Cebolleta Uranium Property held under the Cebolleta Lease.

*Figure 4.1. Cebolleta Property*



Royalties and Agreements

*Share Purchase Agreement*

On August 27, 2021, Elephant entered into the Agreement with Encore, NEI and Cibola. (the "Corporation"). Under the terms and conditions of the Agreement, Elephant agreed to purchase from the Vendor all of the Corporation Interests held by the Vendor, including the Cebolleta Property held under the Cebolleta Lease, which represents all the issued and outstanding share capital of Cibola. Elephant agreed to pay US$250,000 to NEI upon the earlier of the receipt of a satisfactory opinion of qualified legal counsel as to title to the Leases held by Cibola and the time of closing, and issuing to the Vendor, or as it may direct, at the time of closing, the 11,308,250 consideration shares.

*Cebolleta Lease*

In March 2007, NEI entered into an agreement with the Cebolleta Land Grant to lease the Property (the "**Cebolleta Lease**"). The New Mexico District Court in Cibola County affirmed the lease in April 2007. The Cebolleta Lease provides NEI with the right to explore for, mine and process uranium deposits present on the Cebolleta Property and includes surface use and access rights. The leased lands comprise 6,717 acres (2,718 ha) of privately owned mineral rights (fee or deeded) held by the Cebolleta Land Grant. The surface rights of the Property comprise approximately 5,700 acres (2,307 ha). The remaining acres of surface rights are owned by Lobo Ranch and cover a portion of the eastern part of the leased mineral rights. The deed that conveyed ownership of these surface lands to Lobo Ranch's predecessor reserved the right to explore for and develop any mineral resources present to the holders of the mineral estate. Lobo Ranch has recognized the pre-existing development rights of the owners of the mineral estate, as leased by NEI.

The Cebolleta Lease provides for the following:

i. A term of ten years, and so long thereafter, as the Company is conducting operations on the Cebolleta Property.

ii. Initial payments to the Cebolleta Land Grand of $5,000,000.

iii. Recoverable reserve payment equal to $1.00 multiplied by the number of pounds of recoverable uranium reserves upon completion of a feasibility study to be completed within six years of entry into the Cebolleta Lease, less:

    i. The $5,000,000 referred to in (ii); and

    ii. Not more than $1,500,000 in annual advance royalties previously paid pursuant to (iv).

iv. Annual advanced royalty payments of $500,000.

v. Gross proceeds royalties ranging from 4.50 to 8.00% based on the then current price of uranium (Table 4.1).

vi. Employment opportunities and job skills training for the members of the Cebolleta Land Grant.

vii. Funding of annual higher education scholarships for the members of the Cebolleta Land Grant.

In addition, a portion of the Property is subject to a pre-existing third-party 1/48th (2.08%) royalty on the "Uranium Value". This royalty does not represent a further economic burden to the Company as it is deductible from the production royalty's payable to the Cebolleta Land Grant.

*Amendments to the Cebolleta Lease*

In February 2012, the Vendor entered an amendment of the Cebolleta Lease (the "Cebolleta Lease Amendment"), subject to the approval of the Thirteenth Judicial District. Pursuant to the Cebolleta Lease Amendment, the feasibility study completion date was extended from April 2013 to April 2016. The date has been further extended subject to a reduction in the $6,500,000 initial payment and annual advance royalty payments deductions to the recoverable reserve payment. A second amendment to the Cebolleta Lease was negotiated in the fall of 2017. The second amendment included a reduction of the advance royalty payment to $350,000 for three years (from 2018 to 2020), after which payments will return to the prior formula. In addition, the requirement for a feasibility report has been removed and the reserve payment has been eliminated in favor of a single payment of $4,000,000 upon commencement of production and the gross proceeds royalty has been fixed at 5.75%. On December 31, 2020, the Vendor executed a 2.5% net profits interest agreement with Westwater Resources Inc. The Vendor negotiated a third amendment to the Cebolleta Lease in April 2021 which included a reduction of the advance royalty payment to $150,000 for three years (from 2021 to 2023; enCore Energy Corp., 2021). The third amendment extends the lease for 3 years from 2021 until 2023 at which time the lease either must be extended through another negotiated extension, held by production, or it would terminate.

Environmental Liabilities and Historical Mine Reclamation

Historical mining related surface disturbances are evident at the Cebolleta Property. The Property is the former site of several underground and open pit uranium mining operations. None of the historical mining disturbances are the result of activities carried out by the Company; therefore, the Company is not assuming any reclamation liabilities for the Property.

United Nuclear Corp. ("**UNC**"), the former operator of the St. Anthony Mine, commenced reclamation planning for the St. Anthony Mine site in January 2006. An updated Closeout Plan was completed by Stantec Consulting Services Inc. on behalf of UNC, in March 2019. The historical St. Anthony Mine site includes underground workings comprising one mine shaft and several vent shafts that are now sealed at the surface, two open pits (one containing groundwater), several piles of revegetated and non-revegetated non-economical mine materials and three topsoiland/or overburden piles. According to Stantec's Closeout Plan, the St. Anthony Pit 1 will be partially backfilled with existing site materials to above the anticipated level of groundwater rebound and the St. Anthony Pit 2 will be backfilled to prevent the ponding of surface water within the pit. The waste piles will remain-in-place, all temporary roads will be reclaimed and revegetated, and all disturbed areas will be stabilized using grading,erosion control measures and revegetation. Stantec, on behalf of UNC, submitted a Work Plan to investigate the stability of the pit walls of the St. Anthony Pit 1 to the Mining and Minerals Division of New Mexico on May 5, 2021. Due to potential issues arising from the partial backfill of Pit 1, a modified Stage 2 Abatement Plan is being discussed with state regulators.

The historical Sohio (JJ#1) Mine was reclaimed by the successor to Sohio Western Mining Company, the Kennecott Energy Company. The Sohio (JJ#1) Mine is situated directly adjacent to the Property (50 m west); however, most of the underground workings occur within the Cebolleta Property.

Permitting

As of the effective date of the Technical Report, the Company does not hold any current exploration or

mining permits for the Cebolleta Property.

New Mexico agencies involved in the permitting of uranium mining and exploration include the Mining and Minerals Division ("**MMD**") of the New Mexico Energy, Minerals andNatural Resources Department ("**EMNRD**"), the New Mexico Environmental Department ("**NMED**"), the New Mexico Office of State Engineer ("**NMOSE**"), the Department of Game and Fish ("**DGF**") and the Department of Cultural Affairs. The MMD of the EMNRD is the primary mine permitting authority of New Mexico and regulates operations throughthe issuance of a Permit to Mine. The NMED regulates mining operations through the issuance of a Discharge Permit and establishment of standards for discharges or potentialreleases from mining operations. The NMOSE regulates mine dewatering through the issuance of a Mine Dewatering Permit.

Jurisdiction over new uranium mining operations on non-Indigenous land in New Mexico is led by:

- MMD and the *Mining Act* for Exploration and Conventional mining;
- NMED and the *Water Quality Act* for Underground and Open Pit mining*; and*
- United States Nuclear Regulatory Commission (NRC) and the *Atomic Energy Act*,and NMED and the *Water Quality Act* for In Situ Leach Operations and Uranium Milling.

New Mexico *Mining Act* Permit Categories include:

- Regular Existing: 2 years production between 1970 and 1993; > 10 acres (4.04 ha)of disturbance.
- Minimal Impact Existing: 2 years production between 1970 and 1993; < 10 acres (4.04 ha) of disturbance.
- Regular New: Operation started in 1993 or later; > 10 acres (4.04 ha) of disturbance.
- Minimal Impact New: Operation started in 1993 or later; < 10 acres (4.04 ha) of disturbance.
- Regular Exploration: > 5 acres (2.02 ha) of disturbance.
- Minimal Impact Exploration: < 5 acres (2.02 ha) of disturbance.

For new mining operations, the New Mexico *Mining Act* and Rules require a two-phasesubmission to the MMD:

i. a Sampling and Analysis Plan ("**SAP**") for Phase 1; and
ii. the entire Permit Application Package ("**PAP**") for Phase 2.

The SAP is a detailed work plan that describes how baseline data will be collected. The PAP must comprise a copy of theSAP, a Baseline Data Report detailing the results of the SAP, a Mining Operationand Reclamation Plan and an Environmental Evaluation ("**EE**"; to be completed by the MMD). Select requirements of the PAP, as summarized from the New Mexico Energy Minerals and Natural Resources Department (2009), are as follows:

- An environmental evaluation that includes twelve months of baseline data and an analysis of the reasonably foreseeable impacts of the proposed activities on the environment and the local community;
- A determination of the probable hydrological consequences of the mining and reclamation, both on and off the permit area, including water quantity and quality ofsurface and groundwater;
- The proposed mining operation must be designed to meet without perpetual care all applicable environmental requirements imposed by the *Mining Act* and other laws;
- The new mine reclamation must achieve a self-sustaining ecosystem appropriate for the surrounding life zone;

- All pits and waste units must be designed to facilitate contemporaneous reclamation;
- Financial assurance must be filed be the applicant sufficient to assure completion of permit requirements if the work had to be done by the State of New Mexico; and
- Before the *Mining Act* permit can be issued, the New Mexico Environment Department Secretary must determine that the mining activities will achieve compliance with all applicable environmental standards.

For regular exploration projects with proposed disturbance of > 5 acres (2.02 ha) a draft of the public notice language must be submitted to the MMD for review and approval prior to submitting the permit application. Following review by the MMD, the application is sent to several agencies for review, including NMED, NMOSE, DGF, State Forestry Division, State Historic Preservation Office, as well as any federal agency involved with the operation permit area (i.e., Bureau of Land Management, US Forest Service, etc.) or other agency and tribes deemed appropriate by the MMD. Once the application is deemed "technically approvable" a proposal for financial assurance must be submitted tothe MMD and the financial assurance must be in place before the permit is issued.

### *4.3.2 Accessibility, Local Infrastructure, Physiography and Climate*

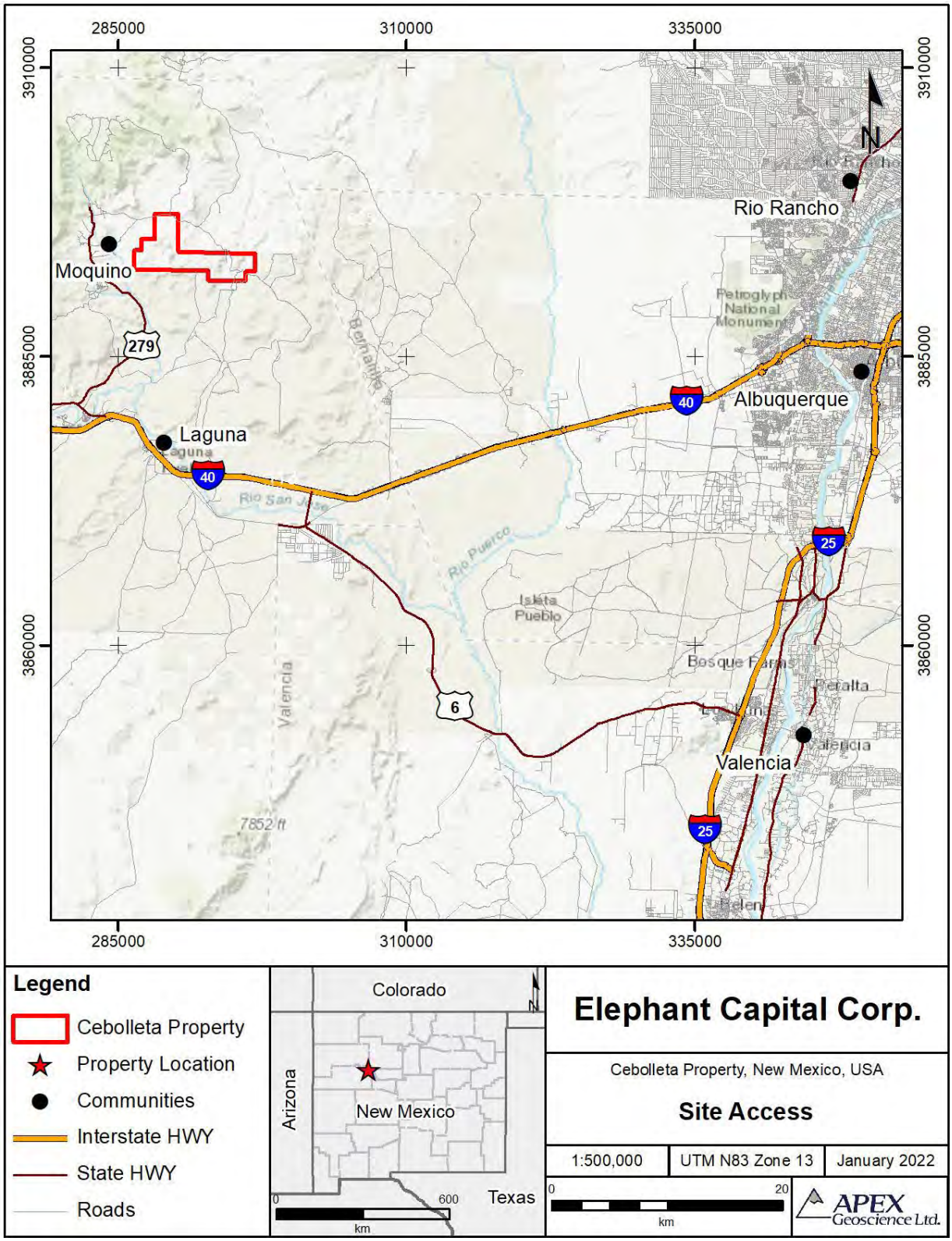
Year-round access to the Cebolleta Property is provided via major and secondary access routes. Numerous unmaintained private gravel roads transect the Property and provide access to most of the Property, although they can become impassable after heavy precipitation during summer thunderstorms and winter snowstorms. Exploration and mining activities are expected to run year-round.

Location and Access

The Cebolleta Property is in the northeastern corner of Cibola County in west central New Mexico ("**NM**"), U.S.A., approximately 10 miles (16 km) north of the town of Laguna, NM, and approximately 45 miles (72.4 km) west of the city of Albuquerque, NM (Figure 5.1). Three small villages, Bibo, Moquino, and Seboyeta, are located a short distance west and northwest of the Property. From Albuquerque, the Property can be accessed by travelling westbound along Interstate-40 for approximately 45 miles (72.4 km) to exit 114. At exit 114, travel north along paved New Mexico Highway 279 for 15 miles (24 km) to the village of Seboyeta, NM, and continue for an additional 3 miles (4.8 km) over a well- maintained county owned gravel road to the northern edge of the Property.

Numerous unmaintained private gravel roads transect the Property and provide access to most of the Property, although they can become impassable after heavy precipitation during summer thunderstorms and winter snowstorms.

*Figure 4.2 Access to the Cebolleta Property*



Local Resources and Infrastructure

New Mexico's seasonally adjusted unemployment rate was 6.2 percent in November 2021. Eight major industry sectors reported over-the-year job increases, including mining and construction jobs where employment rose by 4,100 jobs, or 6% (New Mexico Department of Workforce Solutions, 2021).

The extraction of natural resources, including oil and gas, metal mining, industrial minerals, and sand and gravel, has been a historical and cultural way of life in New Mexico and contributes as much as 35% of the state's annual budget (Decision Makers Field Guide, 2005). Since production started in the late 1940s, the Grants uranium belt has been the most prolific producer of uranium in the U.S. The boom years in the district were 1953–1980, when approximately 350 million pounds of uranium oxide (yellowcake) were produced.

The Property lies approximately 45 miles (72.4 km) to the west of the city of Albuquerque, NM. According to 2020 United States census data, Albuquerque has a population of 545,852 and is a full-service community that includes accommodation, food and restaurants, hospitals, an international airport and skilled and experienced labor for the exploration and mining industries.

Additional skilled labor and goods and services are available from Grants, NM, which hosts a population of 9,182 according to 2010 United States census data and is located approximately 40 miles (64 km) to the southwest of the Property, as well as Laguna, NM, which hosts a population of 1,241 according to 2010 United States census data is location 10 miles (16 km) to the south of the Property.

Primary infrastructure on the Property is limited to access roads and power supply. Electrical lines extend to the central portion of the Property and a high-voltage electrical line and sub-station are present approximately 5 miles (8 km) northeast of the Property.

Water for exploration/mining is sourced from groundwater sources. The Westwater Canyon Member and Dakota Sandstone of the Morrison Formation are known aquifers.

In the opinion of the Qualified Persons, the Property is of sufficient size to accommodate any potential exploration and mine infrastructure requirements, including potential tailings storage areas, waste disposal areas and processing sites.

Physiography

The Property is situated along the southern margin of the San Juan Basin, a circular,asymmetrical structural depression primarily located in the east-central part of the Colorado Plateau. The topography of the Property is characterized by mesa-and-canyon land forms. The Property elevation ranges from approximately 5,900 to 6,500 ft (1,798 to1,981 m) above sea level. Sharp variations in elevation occur locally, on the order of 100 to 300 ft (31 to 91 m) over short distances.

Notable topographic features within the boundaries of the Property include a series of rounded hills in the central Property area, raising 200 to 300 ft (61 to 91 m) above the surrounding landscape and Gavilan Mesa, a broad flat-topped mesa occurring in the southwest Property area. In the St. Anthony Mine Complex area, prominent canyons occur along Meyer Draw and Arroyo Pedro Padilla.

Vegetation is consistent with a semi-arid high desert climate and consists of sparse mixed grasses and isolated strands of mesquite, pinion pine and oak trees. In the Propertyarea, mesas and hillslopes are vegetated with a mixture of grasses, shrubs and trees, and vegetation is limited to dispersed grasses and shrubs in the valley

floors.

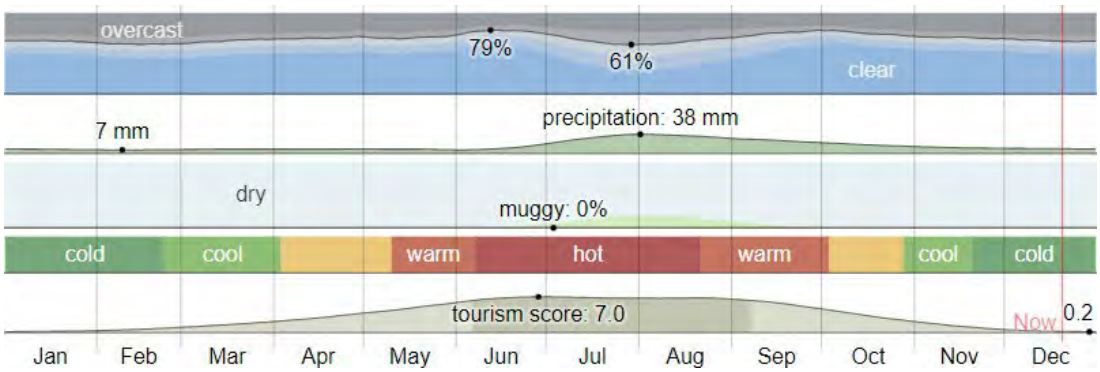
The Property lies within the Arroyo Del Valle arroyo watershed, with total drainage area to the downstream point of discharge on the Property being approximately equal to30 square miles (77.7 $km^2$).

Climate

The Property area has a semi-arid high desert climate that is typical of west-central New Mexico (Figure 4.3). In Laguna, the summers are hot and dry; the winters are cold, snowy, and windy; and it is mostly clear year-round. Weather records from Laguna, NM, indicate that from 1905 to 2006, the average January maximum and minimum temperatures were 47.6° and 19.5° Fahrenheit (°F; 8.7° and -6.9° Celsius, °C), respectively. July average maximum and minimum temperatures were 90.1° and 59.0°F(32.3° and 15°C), respectively.

Winter snow and rainfall during thunderstorms in the summer and fall may temporarily limit access with respect to drilling and other geological fieldwork activities but are not considered to be significant issues. Exploration and mining activities are expected to runyear-round.

*Figure 4.3 Climate in Laguna, NM. Source: www.weatherspark.com.*




### 4.3.3 Property History

Prior Ownership and Results of Exploration Work Undertaken

*Historical Exploration, Metallurgical Test work and Production at the Cebolleta Property (1954to 2014)*

Several extensive exploration and development programs have been conducted at the Property from 1954 to 1981 by Anaconda Copper Company (Anaconda), Climax Uranium Company (Climax), Sohio Western Mining Company (Sohio Western) and United Nuclear Corporation (UNC). These companies completed a total of 3,618 drill holesat the Property: 2,806 rotary and 113 core holes in the St. Anthony deposits area and 795 rotary and 17 core holes in the Sohio (L-Bar) deposits area. This historical exploration led to the development of the Climax M-6 Mine, the St. Anthony Mine Complex, and the SohioJJ#1 Mine. The entry portal to the Sohio JJ#1 Mine is situated off-Property, 50 m to the west of the Property boundary; however, most of the underground workings fall within the Property. The production history of the Cebolleta Property is as follows:

- Climax M-6 Mine (1956 to 1960): 78,722 tons (71,415 tonnes) that averaged 0.20 per cent (%)

uranium oxide (U3O8) and contained 320,942 lbs (145,577 kg) of U3O8.

- St. Anthony Mine Complex (1975 to 1979): 1.6 million lbs of U3O8.

- Sohio JJ#1 Mine (1976-1981): 898,600 short tons (815,000 tonnes) averaging 0.123% U3O8 and yielding 2,218,800 pounds (1,006,492 kg) of U3O8.

Historical metallurgical test reports and laboratory studies have been completed on the St. Anthony mineralization at the Cebolleta Property by UNC and other independent consultants from 1976 to 1979. Studies prepared on behalf of UNC indicate recovery issues from mineralization in the upper portion of the St. Anthony mineralized zone. An additional third-party metallurgical study on the St. Anthony mineralization conducted by Hazen Research, on behalf of Bokum Resources, resulted in a leach extraction of 94 to 96%, indicating that the St. Anthony mineralization is amenable to mill processing and recovery of uranium.

In March 2007, Neutron Energy Inc. leased the Cebolleta Property from the Cebolleta Land Grant. Exploration at the Property by NEI from 2007 to 2014 included channel sampling, core sampling, open hole probing and gamma-ray logging of historical drillholes at the St. Anthony deposit and evaluation of historical disequilibrium studies of the SohioL-Bar and the St. Anthony deposit mineralization. Results include:

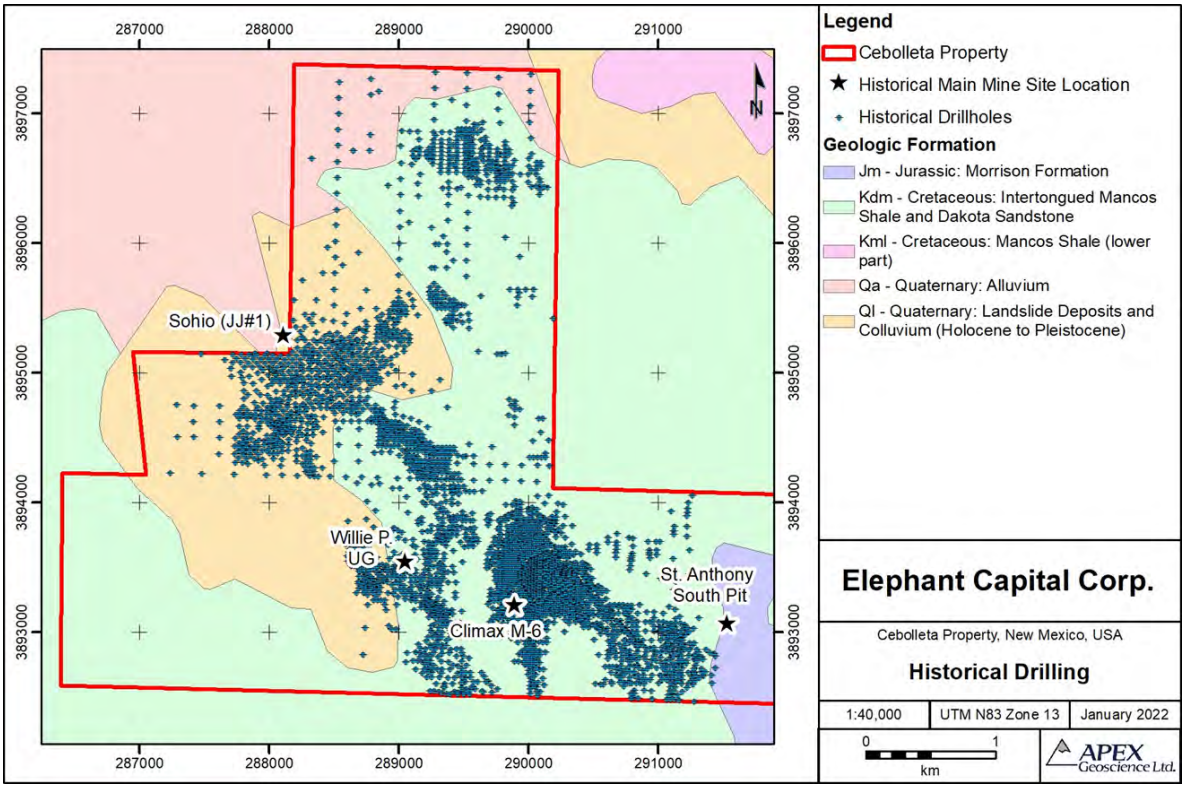
- The channel sampling program confirmed the nature and extent of the mineralization previously extracted from the St. Anthony open pits and indicate thatthe mineralization is an extension of similar Jackpile Sandstone hosted uranium mineralization of the L-Bar (Sohio) area.

- The core sampling verified historical drill results and indicated the presence of significant uranium mineralization within the host rocks of the former St. Anthony mine.

- The down-hole gamma logging conducted verified the mineralization reported in historical drill programs.

- The historical disequilibrium evaluation of the Sohio (L-Bar) Area II and Area III data showed no clear bias toward either the chemical or radiometric analyses in the core and verified earlier studies by Sohio Western that the deposits were in radiometric equilibrium. The St. Anthony disequilibrium data favored the chemical assays, with the radiometric assays reporting lower assays compared to the chemical assays for a given sample.

*Figure 4.4 An overview of the historical drilling completed by previous operators at the Cebolleta Property. The drillholes in the region have been clipped to the Cebolleta Property boundary.*




*CIM Compliant Historical Resource at the Cebolleta Property*

In 2014, Allan V. Moran CPG and Frank Daviess MAusIMM, on behalf of NEI, calculated historical mineral estimates for the Area I, II, III, and V deposits within the Cebolleta Property. At the time of the resource calculation the data for the St. Anthony deposit had not been synthesized into a useable database for resource estimation, and therefore, St. Anthony was not included in the Moran and Daviess (2014) resource calculations.

Using a 0.08% eU3O8 cut-off grade, the historical in-situ Inferred Mineral Resource estimations are presented in Table 1.1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.

NEI's historical in-situ Inferred Mineral Resource estimate in Table 1.1 used mineral resource categories and statistical techniques as per CIM Definition Standards on Mineral Resources and Reserves (2010); however, the senior author and Qualified Person does not have enough information to verify the resource estimate as a current mineral resource, as per current CIM Definition Standards and Guidelines (2014, 2019). Therefore, the estimate of Moran and Daviess (2014) is considered historical in nature.

In the senior author and QPs opinion, the historical resource estimation of Moran and Daviess (2014) is relevant in that it was prepared and calculated by reputable companies that were intimately familiar with, and knowledgeable about, the Property and geology and resource potential of the Property. The historical

resource does provide an indicationof the extent of mineralization identified by previous operators at the Project.

*Table 1.1. Historical in-situ Inferred Mineral Resource estimations for the Cebolleta Property (from Moran and Daviess, 2014). A QP has not done sufficient work to classify the historical estimates as current mineral resources, therefore, the historical estimates are not being treated as current mineral resources. The Issuer is not treating the historicalestimate as current mineral resources or mineral reserves.*

| Area | Cutoff | U3O8% | Tons (k) | Tons U3O8 (k) | U3O8 lbs (k) |
|---|---|---|---|---|---|
| Area I-II-V | 0.08 | 0.173 | 4,564 | 7.874 | 15,748 |
| Area III | 0.08 | 0.162 | 998 | 1.616 | 3,232 |

Notes:
1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
2. Resources are stated at a 0.08% eU3O8 cut-off grade; sufficient to define potentially underground mineable resources; however mineable underground shapes have not yet been defined.
3. The lower cut-off was ascertained using a uranium price of US$50.00/lb, at the current Term Price underground mining costs at US$60/ton and milling plus G&A costs at US$16.50/ton.
4. A tonnage factor of 16.0 cubic ft per ton was used for all tonnage calculations.
5. Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.
6. Resources are reported on a 100% basis for URRE controlled lands, as in-situ resources without referenceto potential mineability except for the referenced cut-off grade.
7. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues, although the Company is not aware of any such issues.

*Summary of a 2021 Airborne Geophysical Survey at the Cebolleta Property*

During November-December 2021, Elephant Capital commissioned Southwest Geophysical Consulting, LLC (Southwest Geophysical) of Albuquerque, NM to complete surface geophysical surveys on the Cebolleta Property that included:

1. Uncrewed aerial system – gamma-ray spectrometry (UAS-GRS) drone surveys were conducted within 10 separate grid regions that ranged in size from 10.6 to 124.0 acres within the Area I, II, III, and V deposits, St. Anthony North open pit, and four other areas of interest. In areas of sandstone-hosted uranium mineralization, the dose rates ranged between 600 and 3,000 nano-Sievert/hour in comparison to background dose rates of between 50 and 250 nano-Sievert/hour.

2. Electrical resistivity imaging/induced polarization (ERI/IP) surveys that included 4 ground resistivity lines within Area III, St. Anthony North, and St. Anthony South deposits for a total survey length of 275 m (902 feet). The 2D inverted resistivity and IP inverted resistivity sections clearly mapped sandstone (higher resistivity, non-chargeable) stratigraphic horizons in comparison to clay and mudstone (low-to medium-resistivity, moderate to high chargeability).
3. Pedestrian gamma-ray spectrometry hand-held surveys within the Area III, St. Anthony North, and St. Anthony South deposits for a total survey length of 24.9 km (15.5 miles). These surveys validated some of the gamma-ray spectrometry drone survey results and provided information around cliff faces where it was too hazardous to fly the drone manually.

Southwest Geophysical concluded that the survey results showed that the Jurassic Morrison and Jackpile Sandstone members at the Cebolleta Property are partiallymineralized with sandstone-hosted uranium mineralization. The 2021 geophysical study supported the deposit areas disclosed in Moran and Davies (2014). In addition, there may be more mineralized zones than indicated in previous studies; however, additional geophysical and/or geotechnical work is required to confirm this.

Property Acquisition, Relationship with Vendor and Consideration Paid to Vendor

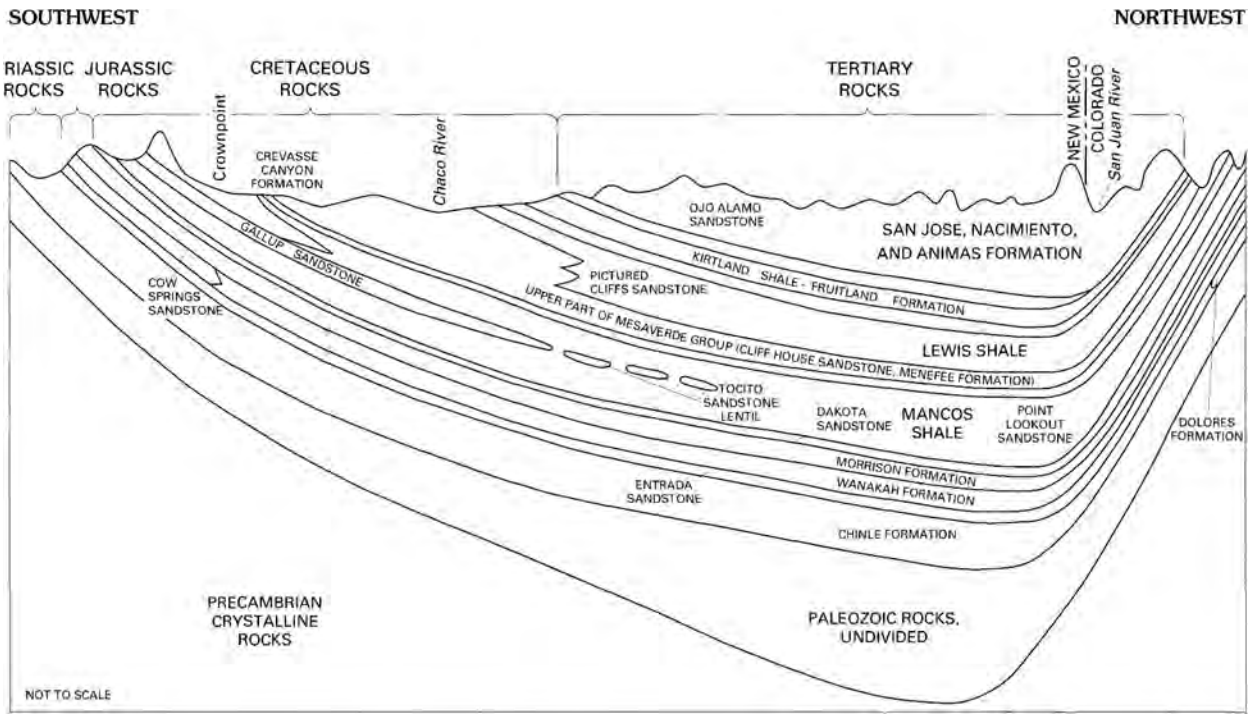
In consideration for the completion of the acquisition, Elephant completed a cash payment of USD $250,000 and shall issue to Encore 11,308,250 Shares as will result in Encore controlling twenty-percent of the outstanding share capital of Elephant following issuance and prior to completion of the Elephant Acquisition, refer to "Section 2.4 - *Fundamental Change*". Encore is an arm's-length third party.

### 4.3.4 Geological Setting

Regional Geology

The Cebolleta Uranium Property lies on the southern flank of the San Juan Basin, a circular, asymmetric structural depression primarily located in the east-central part of the Colorado Plateau. The San Juan Basin encompasses an area of approximately 21,600 square miles (55,943 $km^2$) primarily situated in southwestern Colorado and northwesternNew Mexico, with smaller portions extending over northeastern Arizona and southeastern Utah. During the Late Jurassic, the San Juan Basin area was part of a back-arc basin that formed inland of an Andean-type magmatic arc. This magmatic arc and its landward upland area provided much of the clastic sedimentary rocks that formed the Upper Jurassic Morrison Formation, which is the focus of the Technical Report. In addition to the Morrison Formation, Permian, Triassic, Jurassic, and Cretaceous rocks are present throughout the basin and are exposed at the margins of basin, which are bound by structural uplifts.

Figure 4.5 Regional stratigraphy of the Cebolleta Property area (modified from Lyford, 1979).


SOUTHWEST
NORTHWEST
RIASSIC ROCKS
JURASSIC ROCKS
CRETACEOUS ROCKS
TERTIARY ROCKS
NEW MEXICO
COLORADO
San Juan River
Crownpoint
Chaco River
CREVASSE CANYON FORMATION
OJO ALAMO SANDSTONE
SAN JOSE, NACIMIENTO, AND ANIMAS FORMATION
GALLUP SANDSTONE
KIRTLAND SHALE - FRUITLAND FORMATION
PICTURED CLIFFS SANDSTONE
COW SPRINGS SANDSTONE
UPPER PART OF MESAVERDE GROUP (CLIFF HOUSE SANDSTONE, MENEFEE FORMATION)
LEWIS SHALE
TOCITO SANDSTONE LENTIL
DAKOTA SANDSTONE
MANCOS SHALE
POINT LOOKOUT SANDSTONE
DOLORES FORMATION
MORRISON FORMATION
WANAKAH FORMATION
ENTRADA SANDSTONE
CHINLE FORMATION
PRECAMBRIAN CRYSTALLINE ROCKS
PALEOZOIC ROCKS, UNDIVIDED
NOT TO SCALE

Local Geology

The local geology of the Cebolleta Property comprises a thick sequence of sedimentary rocks ranging in age from Late Jurassic through Late Cretaceous. This sedimentary sequence includes the Jurassic San Rafael Group, which is overlain by the Jurassic Morrison Formation, the dominant host of significant uranium deposits within the Grants Mineral Belt. The Morrison Formation is unconformably overlain by the Cretaceous Dakota Sandstone, which is then interfingered and overlain by the Mancos Shale. The Morrison Formation comprises four distinct members: the Recapture, Westwater Canyon, Brushy Basin, and Jackpile Sandstone members.

Property Geology

The Property is situated within a feature known as the Acoma Sag near the southeastern end of the Chaco Shelf. Structure within the subbasin sag is relatively simple, with rocks displaying shallow dips and small folds that generally trend to the northwest. The sedimentary rocks dip very gently into the San Juan Basin at a north- northwest direction. No major faulting has been recognized in the Property area.

### 4.3.5 Exploration Information

The Company has not completed any exploration programs on the Property. See section 4.3.3 - Property History - Prior Ownership and Results of Exploration Work Undertaken.

### 4.3.6 Mineralization

The Cebolleta Property lies on the eastern end of the prolific, northwest oriented Grants Mineral Belt. The Grants Mineral Belt encompasses several mining districts including the Laguna, Marquez, the Amrosia Lake-San Mateo area, Smith Lake, Crownpoint, and Church Rock mining districts. In total, the mining districts produced more than 340 million pounds of $U_3O_8$ making it one of the largest concentrations of sandstone-hosted uranium deposits in the world and has been the single largest source of uranium production for the United States. The Grants Mineral Belt is positioned on the Chaco Slope which is between the southern part of the central San Juan Basin and the northeastern flank of the Zuni Uplift along with the adjoining Acoma Sag. The belt measures approximately 100miles (160 km) long and up to 25 miles (40 km) wide.

At the Cebolleta Property, seven sandstone uranium deposits occurring as a series of tabular bodies are hosted within the Jackpile Sandstone Member of the Upper Jurassic Morrison Formation. These deposits are part of a broad and extensive area of uranium mineralization, including the Jackpile-Paguate deposit located 0.6 miles (1 km) south of the Property, which was one of the largest concentrations of uranium mineralization in theUnited States. The QP has been unable to verify the information related to at the Jackpile-Paguate Mine, and therefore, the information is not necessarily indicative of the mineralization on the Property that is the subject of the Technical Report. At the Property, the L-Bar occurrence area, formerly known as Sohio, contains five distinct deposits, including Areas I, II, III, IV, and V. In addition, three distinctdeposits occur in the St. Anthony area of the Property. The deposits range in depth from approximately 200 ft (61 m) in the St. Anthony area, to nearly 700 ft (213 m) in the vicinityof the Area II and Area III deposits in the central and northern (down-dip) parts of the Property area.

The key controls of uranium mineralization at the Property are primary sedimentary structures in the Jackpile Sandstone and the concentration of carbonaceous material to allow the precipitation of uranium. Primary sedimentary structures include channel fills, bars and crossbedding. Carbonaceous material, including humate and/ or carbonaceousplant debris, serve as reductants to precipitate uranium from

circulating groundwater. Uranium minerals at Cebolleta are reported to be Coffinite [U(SiO4)-x(OH4x)], Uraninite [UO2], organo-uranium complexes, and unidentified oxidized uranium complexes.

Grants Mineral Belt

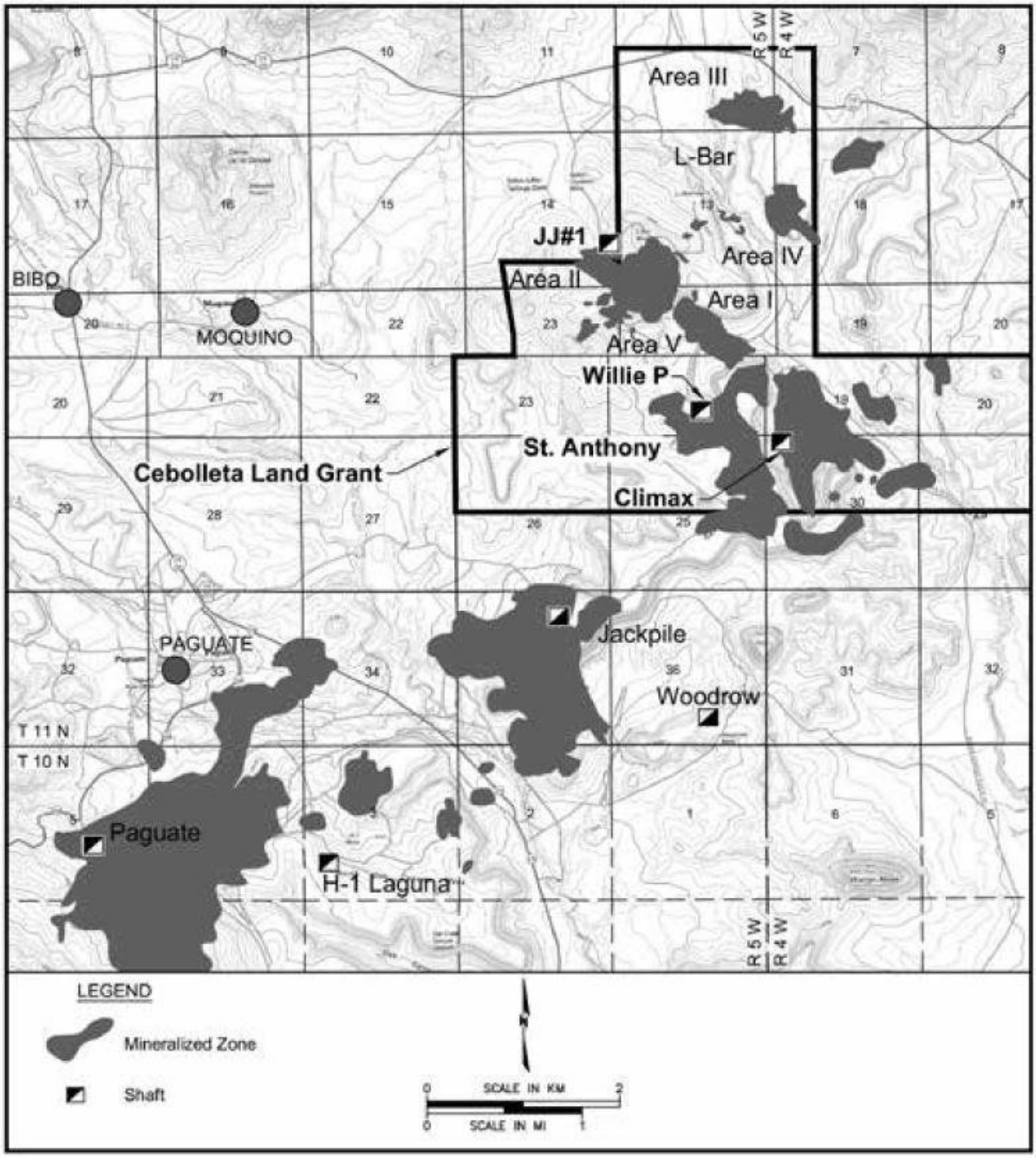
The Property area lies on the eastern end of the prolific, northwest-southeast orientedGrants Mineral Belt (Figure 7.1). The belt is positioned on the Chaco Slope which is between the southern part of the central San Juan Basin and the northeastern flank of the Zuni Uplift along with the adjoining Acoma Sag. The belt measures approximately at100 miles (160 km) long and up to approximately 25 miles (40 km) wide. The Grants Mineral Belt encompasses several mining districts including the Laguna, Marquez, the Amrosia Lake-San Mateo area, Smith Lake, Crownpoint and Church Rock mining districts. The Marquez district is the portion of the Laguna district that contains uranium deposits hosted only in the West Water Canyon Member of the Morrison Formation. In total, the mining districts produced more than 340 million pounds of U3O8 making it one of the largest concentrations of sandstone-hosted uranium deposits in the world and hasbeen the single largest source of uranium production for the United States (Turner- Peterson et al., 1986; Dahlkamp, 1993; Kyser and Cuney, 2008).

Middle Jurassic to Late Cretaceous sedimentary rocks is exposed in the Grants Mineral Belt. Jurassic sedimentary rocks in the Morrison Formation are exposed in narrowbands that is generally parallel to the northwest trend of the Zuni Uplift. The Morrison Formation is the predominant host for the major uranium deposits in the Grants Mineral Belt. To the north of the belt, Cretaceous rocks are exposed and cover much of the Morrison Formation toward the south of the belt. The eastern part of the belt is covered by the basalt flows and "plugs" of the Mt. Taylor volcanic field. This volcanic field lies immediately to the west of the Property area (Moench and Schlee, 1967; Goff et al., 2015). Limestone-hosted uranium deposits have been discovered and developed in the Middle Jurassic Todilto Formation, but these deposits produced smaller amounts of uranium compared to the Morrison Formation (Moench and Schlee, 1967; Armstrong 1995).

Significant Mineralized Zones

Seven sandstone uranium deposits occurring as a series of tabular bodies are hosted within the Jackpile Sandstone Member of the Upper Jurassic Morrison Formation within the boundaries of the Cebolleta Property (Figure 4.6). These deposits are part of a broadand extensive area of uranium mineralization, including the Jackpile-Paguate deposit located 1 km south of the Property, which was one of the largest concentrations of uranium mineralization in the United States. The L-Bar occurrence area, formerly known as Sohio, contains five distinct deposits, including AreasI, II, III, IV, and V. The historical JJ#1 Mine is situated in the northwest corner of the AreaII Deposit area. The entrance to the JJ#1 Mine lies 50 m to the west of the Property boundary; however, most of the underground workings fall within the Cebolleta Property. In addition to the L-Bar deposits, three distinct deposits occur in the St. Anthony area of the Property.

Figure 4.6. Mineralized zones of the Cebolleta Property and surrounding area (from Wiltonet al., 2021).




### 4.3.7 Drilling

The Company is yet to conduct any drilling at the Cebolleta Property. A summary of the historical drill programs completed by companies other than the Company or Elephant is presented in Section 4.3.3 – Property History. None of this work was conducted by, or on behalf of, the Company or Elephant.

### 4.3.8 Sampling and Analysis and Security of Samples

Historical Drilling

Several extensive drill programs have been conducted at the Property by Anaconda Copper Company (Anaconda), Climax Uranium Company (Climax), Sohio Western Mining Company (Sohio Western) and United Nuclear Corp. (UNC). A total of 3,618 drillholes are reported to have been completed at the Property by various operators. A total of 2,806 rotary and 113 core holes were drilled in the St. Anthony deposits area and a total of 795 rotary and 17 core holes were drilled in the Sohio (L-Bar) deposits area. The target depths ranged from less than 200 to greater than 800 ft (61 to 244 m) below surface.

Most of the drilling was completed using a conventional "open-hole" rotary drilling technique. The core drilling was completed using conventional rotary drills to a "core point", at which a core barrel (typically 20 ft (6.1 m) in length) would replace the rotary drill bit and core drilling would commence. Samples of rotary cuttings were collected at 5 or 10 ft (1.5 to 3.04 m) intervals and the samples were examined by geologists. Lithological logs included information on the rock type, alteration, presence and nature of carbonaceous material, accessory minerals such as pyrite, hematite and/or limonite and the oxidation state of the target sediments.

Drill cuttings samples were rarely used for geochemical analysis. At the time of drilling, the standard operating procedure in the United States uranium industry was to continuously log each drillhole with a truck mounted surface recording down-hole probe, which measured gamma radioactivity, self potential (S-P) and single point resistivity values. This process provided a continuous reading of gamma radioactivity through the entire length of the drill hole. Gamma-ray log values were then used to calculate radiometric assay grades (% eU3O8) from the mineralized holes, using calculation techniques developed by the former U. S. Atomic Energy Commission. Radiometric probing and the conversion to eU3O8 data have been used for in-situ uranium determinations in the uranium industry since the 1960's.

The gamma logging services were undertaken by various experienced independent geophysical contractors, including Century Geophysical Corp., Dalton Well Logging Company, Data-Line, Geoscience Associates and Wilson's Logging Company on behalf of the former Project operators. Calibration of the gamma logging equipment was completed periodically at test pits of the Department of Energy near Milan, New Mexico, and Grand Junction, Colorado, in accordance with the standard operating procedures in the industry at the time the drilling was completed.

Core holes were drilled and sampled to verify the radiometric assays calculated from the gamma ray logs. The author is unaware of any available information regarding the preparation, analysis, and security of the historical core samples. The drilling was completed prior to the implementation of the standards set forth in NI 43-101.

Radiometric Analyses

Down-hole gamma log digital data was collected at approximately 1.0-inch intervals. The down-hole probe measured the total gamma radioactivity from all natural sources, including uranium (U), potassium (K) and thorium (Th). In most uranium deposits, K and Th provide a minimal component to the total radioactivity, measured by the instrument as counts per second (CPS). At the Cebolleta Property, the uranium content is high enough that the component of natural radiation that is contributed by K from feldspars in sandstone and primary Th-bearing minerals are expected to be negligible. Therefore, the

conversion of CPS to equivalent uranium concentrations is a reasonable representation of the in-situ uranium grade in a drillhole. The determined equivalent uranium analyses are typically expressed as ppm (parts per million) eU3O8 ("e" for equivalent), not to be confused with U3O8 determination by standard XRF or ICP analytical procedures. The conversion process to eU3O8 data used for the Cebolleta Project is described by Moran and Daviess (2014) as follows:

The typical gamma probe is about 2 inches in diameter and about 3 ft in length. The probe has a standard sodium iodide (NaI) crystal that is common to both hand-held and down-hole gamma scintillation counters. The logging system consists of the winch mechanism (which controls the movement of the probe in and out of the hole) and the digital data collection device (which interfaces with a portable computer and collects the radiometric data as CPS at defined intervals in the hole). Historical logs from the 1960's typically generated only a hard copy analog graphical print-out.

Current instrumentation collects raw data, which is typically plotted by WellCAD software to provide a graphic down-hole plot of CPS, and a digital data file. The CPS radiometric data may need corrections prior to conversion to eU3O8 data. Those corrections account for water in the hole (water factor) which depresses the gamma response, the instrumentation lag time in counting (dead time factor) and corrections for reduced signatures when the readings are taken inside casing (casing factor). The water factor and casing factor account for the reduction in CPS that the probe reads while in water or inside casing, as the probes are typically calibrated for use in air-filled drillholes without casing. Water factor and casing factor corrections are made where necessary and the correction factors are typically listed in the log header information.

Conversion of CPS to eU3O8% is done by calibration of the probe against a source of known uranium (and thorium) concentration. This was typically done at the former U.S. Atomic Energy facility in Grand Junction, Colorado. The calibration calculation results in a "K-factor" for the probe; the K-factor allows for conversion of CPS to eU3O8 grade, after corrections. An example of the conversion for thick (+2.0 ft) radiometric sources detected by the gamma probe would be stated as 10,000CPS x K = 0.612%eU3O8.

As the total CPS at Cebolleta is dominantly from uraninite (or similar) uranium mineralization, the conversion K factor is used to estimate uranium grade, as potassium and thorium are not relevant in this geological environment at this level of uranium grades. The calibration constants are only reliably accurate to source widths more than approximately 2.0 ft. When the calibration constant is applied to source widths of less than 2.0 ft, widths of mineralization will be over-stated and radiometric determined grades will be understated, as the measurements are volume sensitive.

A standard approach to estimating grade for a graphical plot is shown in Figure 11.1 and is referred to as the half-amplitude method.

The half-amplitude method follows the formula: GT = K x A, where GT is the grade-thickness product, K is the probe calibration constant, and A is the area under the curve (cm-CPS units).

The area under the curve is estimated by the summation of the 1.0 in (grade- thickness) intervals between E1 and E2 plus the tail factor adjustment to the CPS reading of E1 and E2, according to the following formula:

$$A = [\sum N + (1.38 \times (E1 + E2)]$$

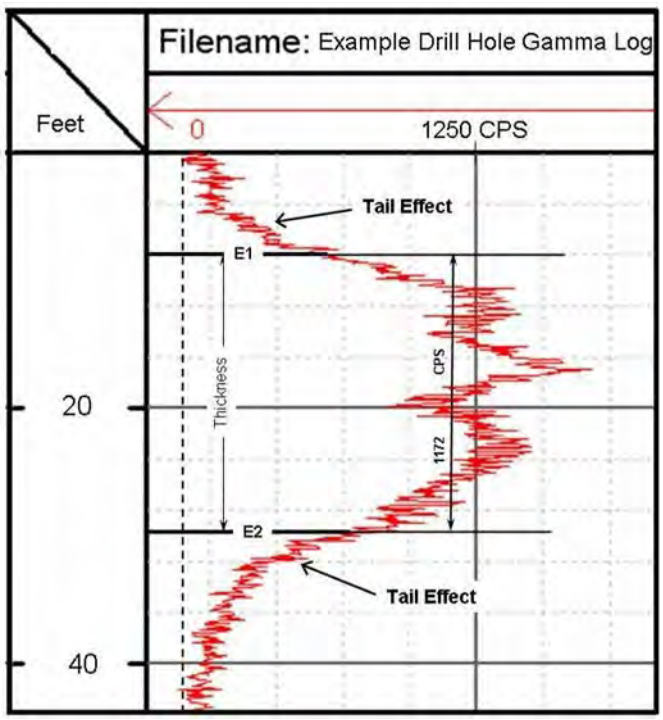
where A is the area under the curve, N is the CPS per unit of thickness (here 1.0 inch), and E1 and E2 are the half-amplitude picks on the curve.

This process is used in reverse for known grade (in the designed test pits) to determine the K factor constant.

The procedure used can be a manual calculation off the analog graph, or modern equipment will also provide a digital print out of the converted data; this results in an intercept thickness and eU3O8 grade. Typically, current digital output equipment will generate aggregate values to 0.5 ft down hole increments.

Historically preserved gamma logs with all the header information, including the K- factor, are essentially an analog equivalent to an assay certificate from an independent analytical lab. Most of the historical data that supports the Cebolleta Property is in this format.

*Figure 4.7. Example down-hole gamma log showing the half-amplitude method (from Moran, 2009).*




Exploration by Neutron Energy Inc.

Neutron Energy Inc., a subsidiary of Encore, leased the Cebolleta Property from the Cebolleta Land Grant in March 2007. From 2007 to 2014, NEI completed examination and surveying of historical drillhole collars, channel sampling at the St. Anthony open pits, sampling and assaying of select portions of core from two water monitoring holes within the northern part of the main St. Anthony's uranium deposit and open hole probing and gamma-ray logging of historical drillholes in the areas between the two open pits and north of the North pit.

Channel Sampling

The channel samples were collected from the highwalls of the St. Anthony North and South open pits to verify the presence and tenor of mineralization and the results of historical drillholes completed by UNC. The channel samples were representative of the nature and intensity of the uranium deposits hosted in the Jackpile Sandstone at St. Anthony and the adjoining Sohio segments. Sampling locations were selected during geological mapping and radiometric traverses of the highwalls of the open pits and compared to the locations of adjacent and contiguous drillhole polygons. The radiometric anomalies were identified using a hand-held Delta Epsilon Instrument Co. SC-133 scintillometer. Individual sample intervals were selected to include an un-mineralized interval above and below (if accessible) the mineralized intervals. Varying mineralized lithologies were sampled separately and all samples measured less than 2.5 ft (0.76 m) in vertical sample length.

The channels were excavated using a handheld diamond saw and the surface oxidized material was removed from the channel sample sites using an electric chipping hammer. Each vertical cut was approximately 8 inches (20.3 cm) deep. Samples were placed in cloth sample bags and the weight of the samples ranged from 3 to 49 lbs (1.36 to 22.22 kilograms(kg)) and averaged 19.5 lbs (8.86 kg). The sample sites were marked with aluminum sample tags.

The channel samples were transported by NEI staff to American Assay Laboratories (American Assay), an independent laboratory located in Elko, Nevada. At the laboratory, the samples were prepped and analysed for eU3O8 using a 2-acid digestion followed by inductively coupled plasma - optical emission spectrometry (ICP-OES). All results exceeding 50 parts per million (ppm) eU3O8 were checked by X-ray fluorescence (XRF) and a sodium peroxide/zirconium fusion ICP-OES. American Assay is independent of the Company, Elephant and the authors of this Technical Report and is a well-known laboratory within the energy sector. American Assay is an ISO/IEC 17025:2017 accredited laboratory.

There is no documentation of the insertion of standard reference materials or blanks by NEI personnel into the channel sample stream. However, American Assay utilizes quality control measures throughout the sample preparation and analysis process, including the insertion of laboratory duplicates and several different certified reference standards and blanks. The author has reviewed American Assay laboratory certificate SP088905 for NEI's channel sampling results and has verified their use of standard reference materials.

Core Sampling

Several core samples were collected by Broad Oak Associates, on behalf of NEI, from two mineralized water monitoring wells (MW-7 and MW-8) that were completed on the Property by UNC in 2007. The sampling intervals were selected based on a review of the downhole gamma ray logs, as well as radiometric anomalies determined by using a hand- held Radiation Solutions RS-125 "Super-Spec" spectrometer.

The core samples were split in half using a tile saw, with one half of the core retained for future reference. The other half of the core was split in half, with one half sent to American Assay, an independent laboratory located in Reno, Nevada, for preparation and analysis. At the laboratory, the samples were prepped and analysed for eU3O8 using a 2- acid digestion followed by inductively coupled plasma - optical emission spectrometry (ICP-OES). The other half was sent to SGS Canada Inc. Mineral Services (SGS) in Toronto, Ontario, for analysis by Broad Oak Associates personnel. Both American Assay and

SGS are independent of the Company and Elephant and the authors of this technical report and are well-known laboratories within the energy sector. American Assay and SGS are ISO/IEC 17025 accredited laboratories.

There is no documentation of the insertion of standard reference materials or blanks by NEI personnel into the channel sample stream.

#### 4.3.9 Adequacy of Sample Collection, Preparation, Security and Analytical Procedures

The methods of sampling and radiometric down-hole logging and assaying described above were standard operating procedures in the United States uranium industry at the time of exploration. Gamma logging of open hole and/or reverse circulation rotary drilling is still an acceptable method of exploration for sandstone uranium deposits in the present day, with samples from core holes used to verify chemical assays and radiometric equilibrium. Based upon the review of available information, it is the opinion of the author of this Technical Report, there were no issues with respect to the sample collection methodology, sample security, sample preparation or sample analyses in the historical exploration programs completed at the Cebolleta Property.

The author notes that there is no documentation of the insertion of standard reference samples into NEI's channel sampling and core sampling streams. In the opinion of the senior author, there was no need to test analytical precision and accuracy of the channel sampling program because the data is not intended for use in any potential future quantitative analyses (i.e., resource estimation) and is simply used to verify the nature and tenor of historical and potential mineralization.

As a result, the data within the Project's exploration databases is considered suitable for use in this geological introduction Technical Report.

#### 4.3.10 Mineral Resources and Mineral Reserves

The Company and Elephant has yet to conduct mineral resource/reserve modelling or estimationsand there are no known mineral resources or reserves outlined at the Cebolleta Property. Historical mineral resource estimates are summarized in Section 4.3.3 - Property History.

#### 4.3.11 Mining Operations

No studies of mining methods have been carried out by the Company or Elephant.

No studies of recovery methods have been carried out by the Company or Elephant.

No studies of infrastructure requirements have been carried out by the Company or Elephant.

No marketing studies or contract negotiations have been carried out by the Company or Elephant.

No environmental, permitting, social or community impact studies have been carried out by the Company or Elephant.

No capital or operating cost studies have been carried out by the Company or Elephant. No economic analysis has been undertaken by the Company or Elephant.

### 4.3.12 Exploration and Development Recommendations

Historical work completed during 2007 to 2014, by company's other than Elephant, along with the results of a 2021 airborne geophysical program completed by Elephant, outline Cebolleta as a property of merit. This contention is supported byknowledge of:

- The historical results of surface sampling, drilling, disequilibrium evaluation, metallurgical test work, and uranium production – as outlined in this technical report.

- The 2014 culmination of historical inferred mineral resource estimations for the Area I, II, III, and V deposits.

- The adjoining St. Anthony deposits, in and surrounding the St. Anthony North andSouth pits, have yet to be synthesized into a practical database for potential futureresource estimation work.

- The 2021 surface geophysical surveys showed that the Jurassic Morrison and Jackpile Sandstone members at the Cebolleta Property are partially mineralized with sandstone-hosted uranium mineralization and there may be more mineralizedzones than indicated in previous studies conducted by company's other than Elephant Capital; additional geophysical and/or geotechnical work is required to confirm this.

As a property of merit, a 2-phase work program is recommended to verify the historicalexploration work, increase the confidence level of the uranium mineralization at the Cebolleta Property, and advance the Property toward potential mineral resource estimations and economic scoping studies.

Phase 1 work includes validation/infill and exploratory geophysics/drill testing to verifythe historical drill results, deposit mineralization, historical resources, and potentially expand the deposit model and associated mineral resource estimations. The preliminary cost for exploratory geophysical surveys and to diamond drill and core approximately 20-25 drillholes is estimated at CDN$942,000 (CDN$1,036,200 with a 10% contingency).

Phase 2 is dependent on the positive results of the Phase 1 work program, and includes 1) conventional hydrometallurgical test work, 2) community outreach and environmental studies, and 3) technical reporting that could include mineral resource estimations and a preliminary economic assessment scoping study. The preliminary costof the Phase 2 work is estimated at CDN590,000 (CDN$649,000 with a 10% contingency).

The total cost of the Phase 1 and 2 exploration work, with a 10% contingency, is estimated at CDN$1,685,200. A detailed breakdown of the recommended expenditures is presented in Table 4.1 and the text that follows.

*Table 4.1. Work recommendations with estimated costs.*

| Phase | Description | Cost estimate (USD$) | Cost estimate (CDN$) [1] | Sub-totals (CDN$) |
|---|---|---|---|---|
| 1 | Validation/infill drilling: Deposit drilling to validate the historical deposit data and increase the confidence level toward mineral resource modelling and estimations (~15 holes for 2,250 m). | $508,560 | $652,000.00 | |
| | Exploratory geophysical surveys and drilling: Targeted surveys and drill programs to test the potential to expand the uranium mineralization (~7 holes for 1,000 m). | $226,200 | $290,000.00 | **$942,000.00** |
| 2 | Metallurgic test work | $200,000 | $250,000.00 | |
| | Community outreach and environmental studies | $35,000 | $45,000.00 | |
| | Mineral resource modelling and estimations technical reporting (x1) | $35,000 | $45,000.00 | |
| | Preliminary Economic Assessment technical reporting (x1) | $200,000 | $250,000.00 | **$590,000.00** |
| | | | **Sub-total (CDN$)** | **$1,532,000** |
| | | | **10% contingency** | **$153,200** |
| | | | **Total (CDN$)** | **$1,685,200** |

[1] Using an exchange rate of 1 CDN$ equals 0.78 USD$ (December 13, 2021)

Phase 1 Work Recommendations

Validation/infill drilling is intended to verify the uranium mineralization intercepts across the extent of the historically documented Cebolleta Property sandstone-hosted uranium deposits. Direct validation of the historical drilling is recommended, in which Elephant Capital twins a minimum of 5 historical holes within the Area I, II, III, V, and St. Anthony deposits. An additional 10 drillholes should be implemented within the historicaldrill pattern as infill drilling; the infill drilling is intended to add confidence in the continuityof the mineralization. A successful validation/infill drill program will validate the historical drill results and deposit models, and potentially initiate future mineral resource estimations and economic scoping studies.

With respect to exploratory and ground geophysical surveys and drilling, the mineralized lenses associated with the Area I mineral horizons (x3) are open ended andpotentially trend beyond the external limits of the historical drillhole grid. The potential exists, therefore, to extend the Area I mineral zones into previously untested areas and conceivably into the St. Anthony portion of the Cebolleta Property area.

In addition, the St. Anthony mineralized zone is historically documented, but has yet to be comprehensively drill tested. The Southwest Geophysical 2021 surveys concludedthat there may be more mineralized zones than indicated in previous studies; however, additional geophysical and/or geotechnical work is required to confirm this. It is recommended that the Company utilizes deeper geophysical methods such as IP thatuses a 112 electrode RES/IP system with electrode spacing of 10 m. This will achieve a 5-m resolution and 222-m (728 foot) depth. Cebolleta zones suggested for this work include Area III (FLTIIIA and FLTIIIB), FLTVI (in the tertiary survey area), and FLTX. Thesurvey work could focus on

mineralized zones around the St. Anthony North and St. Anthony South open pit mines. In addition, radon seepage above the other known ore bodies in the lease area suggest the possibility of other areas of mineralization at the Cebolleta Property. To verify any targets (past or as part of new geophysical surveys), itis initially recommended that the exploratory drill program consist of a minimum of approximately 7 to 10 drillholes.

The Cebolleta drill program should include detailed and consistent geotechnical and geological logging. Core sampling, and subsequent geochemical analyses, is recommended to occur at 1.5 m intervals in which a representative portion of the entire 1.5 m core sample interval is evenly and unbiasedly collected. It is recommended that the sample intervals extend from the top of the hole to the bottom in as many holes as possible to benefit construction of the associated 3D geological model. The core samples should be analyzed at a minimum of two independent, accredited laboratories designated as the primary and check labs.

During the assay core sampling, core samples should also be collected in the uriniferous horizons for Phase 2 metallurgical test work as per the specifications of the independent metallurgical laboratory.

Closed-can radiometric assays on spot-core samples are recommended for disequilibrium determinations. Core samples from all lithological intervals should be collected for bulk density analyses. The sample program should include a quality assurance – quality control protocol that includes the regular and random insertion of sample duplicates, sample blanks, and certified sample standards.

Historical drilling at the Property was typically completed using conventional rotary drills with a 20 ft (6.1 m) core barrel. The historical drill target depths at the Cebolleta Property generally ranged from less than 200 ft to greater than 800 ft (61 to 244 m) below surface. The deposits range in depth from approximately 200 ft (61 m) in the St. Anthonyarea, to nearly 700 ft (213 m) in the vicinity of the Area II and Area III deposits in the central and northern (down-dip) parts of the Property area. The Property has road and trail access, is close to communities, and the sandstone is competent enough to utilize conventional diamond drill methods.

Based on this information, the authors assume an average drillhole depth of 492 ft (150 m) at an all-in drill cost of approximately CDN$290/m for the preliminary diamond drilling cost estimates. The all-in costs for the validation/infill and exploratory geophysics/drilling are collectively estimated to cost CDN$942,000 (See Table 4.1).

Downhole geophysical surveying such as gamma-ray, self-potential, and resistivity logs, are not included in the work recommendations. Alternatively, it is recommended that the Company utilize existing downhole surveys in conjunction with the Phase 1 drill core logging program. If the Company wishes to include downhole geophysical surveying, it is estimated that the geophysical program will cost approximately CDN$1.30/foot.

Lastly, it is recommended that the Company considers a spectral analyses orientation experiment on core samples to investigate mineralization and alteration zoningwithin the overall stratigraphy of the deposits (e.g., short wavelength infrared, or SWIR, spectrometry).

Phase 2 Work Recommendations

The Phase 2 work recommendations are dependent on the positive results of the Phase 1 work program.

Using samples collected during Phase 1, a metallurgical test work program is recommended. To implement this work, the Company should be aware that Moran and Daviess (2014) stated the Cebolleta Project is not considered a candidate for *in situ* recovery because the uranium mineralization is situated above the water table and is associated to some extent with organic carbonaceous material. Conversely, the authors recommended an investigation into the possibility of heap leach processing, which has the potential to reduce costs and liberate metals within sandstone-hosted uranium deposits. The uranium heap leach process may be applicable to lower grade uranium ores in which the test work includes a bacterial leach. Accordingly, it is recommended that Elephant Capital conducts metallurgical work to test the amenability of mill recovery to uranium and column leach tests on appropriately sized material to determine potential heap leach amenability and characterization of the mineralization. The cost of the metallurgical test work is estimated at CDN$250,000.

Measures to address the environmental impacts of historical uranium mining in New Mexico is documented by Rohrer et al. (2020). These authors address challenges that require involvement of all stakeholders: federal, State, and local governments, Native nations, private landowners, private sector firms, educational institutions, and communityorganizations. It is therefore recommended that the Company implement a community outreachand preliminary environmental study plans that is estimated to cost CDN$45,000.

Finally, updated Technical Reporting is required to incorporate the results of the work recommendations. It is possible that the Company's exploration results will provide the due diligent data necessary to prepare a mineral resource estimate in accordance with CIM Definition Standards and Guidelines (2014, 2019) and NI 43-101. In addition, the mineral resource estimate technical report could be prepared independently, or in collaboration with, a Preliminary Economic Assessment scoping study on the Cebolleta sandstone-uranium deposit.

### 4.4 Companies with Oil and Gas Operations

This item is not applicable to the Company.

## 5. Selected Consolidated Financial Information

### 5.1 Selected Financial Information

***Selected Financial Data of the Company***

The following table provides certain financial data as extracted from the Company's audited consolidated financial statements for the fiscal years ended March 31, 2021, 2020, and 2019, as well as the Company's unaudited interim consolidated financial statements for the nine months ended December 31, 2021. See Schedule "A" – *Company Financial Statements*.

| Description | Nine Months Ended December 31, 2021 ($) | Year Ended March 31, 2021 ($) (Audited) | Year Ended March 31, 2020 ($) (Audited) | Year Ended March 31, 2019 ($) (Audited) |
|---|---|---|---|---|
| Revenues | nil | nil | nil | nil |

| Description | Nine Months Ended December 31, 2021 ($) | Year Ended March 31, 2021 ($) (Audited) | Year Ended March 31, 2020 ($) (Audited) | Year Ended March 31, 2019 ($) (Audited) |
|---|---|---|---|---|
| General and Administrative Expenses | $74,982 | $185,191 | $278,588 | $479,799 |
| Income (Loss) | ($57,941) | ($184,369) | $23,576[1] | ($81,568)[2] |
| Income (Loss) per Share – Basic and Diluted | ($0.03) | ($0.11) | $0.01 | ($0.05) |
| Total Assets | $44,904 | $162,620 | $34,414 | $48,738 |
| Total Liabilities | $217,214 | $276,989 | $281,794 | $319,694 |
| Shareholders' Deficit | ($172,310) | ($114,369) | ($247,380) | ($270,956) |

1. Includes $204,843 recovery on mineral property, $95,347 gain on settlement of debt, $2,431 gain on disposal of assets, ($574) foreign exchange loss, and $117 of interest income.

2. Includes $548,947 gain on settlement of debt, ($131,175) loss on disposition of marketable securities, ($19,802) foreign exchange loss, and $261 of interest income.

***Selected Financial Data of Elephant***

The following table provides a brief summary of the financial operations of Elephant. For more detailed information, see Schedule "C" – *Elephant Financial Statements*.

| Description | Period ended December 31, 2021 ($) (Audited) |
|---|---|
| Total Revenues | Nil |
| Net and Comprehensive Income (Loss) | (303,975) |
| *Total* | (303,975) |
| *Per Share* | (0.02) |
| Total Assets | 2,042,618 |
| Total Liabilities | 181,592 |
| Cash Dividends | Nil |

***Pro forma Financial Information***

The following table summarizes selected financial data of the Company as at December 31, 2021, giving effect to the Share Purchase Agreement as if it had been completed as of December 31, 2021 and completion

of the Subscription Receipt Financing. For more detailed information, refer to the pro forma consolidated financial statements of the Company for the period ended December 31, 2021.

| Description | Period ended December 31, 2021 ($) |
|---|---|
| Cash and cash equivalents | 6,605,207 |
| Total Assets | 7,609,435 |
| Total Liabilities | 398,806 |

Financial information concerning Cibola was derived from the audited financial statements of Cibola for the period ended September 30, 2021. Cibola had no activity during the period from September 30, 2021 to December 31, 2021.

See Schedule "F" – *Pro Forma Financial Statements*.

## 5.2 Summary of Quarterly Results

***Quarterly Results of the Company***

The results for each of the eight most recently completed quarters ending at the end of the most recently completed financial year, namely March 31, 2021, are summarized below:.

| Quarter Ended | Revenue ($) | Income (Loss) ($) | Income (Loss) per Share – Basic and Diluted ($) |
|---|---|---|---|
| March 31, 2021 | $nil | ($51,427) | ($0.03) |
| December 31, 2020 | $nil | ($33,909) | ($0.00) |
| September 30, 2020 | $nil | ($53,284) | ($0.00) |
| June 30, 2020 | $nil | ($45,749) | ($0.00) |
| March 31, 2020 | $nil | ($35,407)[2] | ($0.01) |
| December 31, 2019 | $nil | (91,269) | ($0.01) |
| September 30, 2019 | $nil | $221,665[1] | $0.01 |
| June 30, 2019 | $nil | ($71,413) | ($0.05) |

1. Includes $204,843 recovery on mineral property, $88,198 gain on settlement of debt, $2,431 gain on disposal of assets, and ($23) foreign exchange loss.

2. Includes an additional $7,149 gain on settlement of debt, an additional $551 foreign exchange loss, and $117 of interest income.

### 5.3 Dividends

***The Company***

The Company did not pay dividends during the interim nine-month period ended December 31, 2021 or any of the three previously completed financial years. The Company intends to retain any earnings to finance growth and expand its operations and do not anticipate paying any dividends on the Shares in the foreseeable future.

The Company does not contemplate paying any dividends in the immediate future, as it anticipates investing all available funds to finance the growth of the Company's business. The Company's Board will determine if, and when, to declare and pay dividends in the future from funds properly applicable to the payment of dividends based on the Company's financial position at the relevant time. All the Company Shares are entitled to an equal share in any dividends declared and paid on a per share basis.

### 5.4 Foreign GAAP

This section is not applicable to Elephant or the Company.

## 6. Management's Discussion and Analysis

***The Company***

The Company's MD&As for its most recent financial year ended March 31, 2021, and the nine-month period ended December 31, 2021 are attached as Schedule "B" – *Company MD&As* hereto.

***Elephant***

Elephant's MD&A for the period ended December 31, 2021 are attached as Schedule "D" – *Elephant MD&As* hereto.

### 6.12 Proposed Transactions

For further details concerning the expected impact of the Share Purchase Agreement and the Elephant Acquisition on the Company's financial condition, results of operations and cash flows, see the unaudited *pro forma* consolidated statement of financial position of the Company prepared by its management giving effect to the Share Purchase Agreement as if it had been completed as of December 31, 2021, and completion of the Subscription Receipt Financing. See Schedule "F" – *Pro Forma Financial Statements*.

## 7. Market for Securities

The Company's Shares trade on the CSE under the symbol "AMPS".

## 8. Consolidated Capitalization

The following table summarizes the capitalization of the Company following completion of the Elephant Acquisition and the Subscription Receipt Financing:

| Description of Security | Number Authorized to be Issued | Outstanding as of the Date of this Listing Statement[1] |
|---|---|---|
| Common Shares | Unlimited | 71,112,311 |
| Warrants | Unlimited | 10,963,000 |
| Equity Plan | 20% of the issued and outstanding Shares | Nil |

**Note:** (1) after giving effect to the Subscription Receipt Financing and the completion of the Elephant Acquisition.

***Capital Structure of the Company***

Upon completion of the Elephant Acquisition and the Subscription Receipt Financing, the capital structure of the Company is outlined below:

| Security | Price | Number Outstanding |
|---|---|---|
| Current Issued and Outstanding (Evolving Gold Corp.) | | 2,257,000 |
| Consideration Shares | $0.50 | 56,541,251 |
| Subscription Receipt Financing | $0.50 | 10,113,000 |
| Administrative Fee to Fiore Management & Advisory Corp. | $0.50 | 100,530 |
| Administrative Fee to Winchester Advisory | $0.50 | 100,530 |
| Administrative Fee to Fiore Management & Advisory Corp. | $0.50 | 500,000 |
| Administrative Fee to Winchester Advisory | $0.50 | 1,500,000 |
| **Undiluted Issued and Outstanding** | | **71,112,311** |
| Conversion Share Purchase Warrants | $1.25 | 10,113,000 |
| Broker Warrants | $1.25 | 350,000 |
| Share Purchase Warrants | $0.80 | 500,000 |
| **Fully-Diluted Issued and Outstanding** | | 82,075,311 |

## 9. Options to Purchase Securities

On September 21, 2007, the Company's shareholders first approved a 10% rolling stock option plan (as has been amended over the years - the "**Stock Option Plan**"), pursuant to which options may be granted to officers, directors, employees and consultants (the "**Participants**") of the Company or its affiliates, subject to the rules and regulations of applicable regulatory authorities and the CSE. Shareholders of the Company approved and ratified the new equity plan (the "**Equity Plan**") on February 22, 2022. As of the date of this

Listing Statement, the Company has nil stock options outstanding under the former Stock Option Plan. The purpose of the Equity Plan is to advance the interests of the Company, through the grant of options, and restricted share units, by: (a) providing an incentive mechanism to foster the interests of the Participants in the success of the Company; (b) encouraging Participants to remain with the Company; and (c) attracting new directors, officers, employees and consultants.

The Equity Plan for the Company is appended to this Listing Statement as Schedule "H" – *Company Equity Plan*.

## 10. Description of Securities

### 10.1 Description of Elephant and the Company's Securities

The Company is authorized to issue an unlimited number of Shares without par value. Prior to the completion of the Elephant Acquisition and the Subscription Receipt Financing, the Company had 2,257,000 Shares issued and outstanding as fully paid and non-assessable shares and 500,000 Warrants are exercisable to acquire one Share at a price of $0.80 per Share, expiring on February 9, 2023 and nil stock options.

Prior to the completion of the Elephant Acquisition and the Subscription Receipt Financing, Elephant had 56,541,251 Shares issued and outstanding.

Upon completion of the Elephant Acquisition and the Subscription Receipt Financing (including the Finder's Fee), the Company had 71,112,311 Shares issued and outstanding as full paid and non-assessable Shares and 10,963,000 Warrants outstanding. 500,000 Warrants are exercisable to acquire one Share at a price of $0.80 per Share, expiring on February 9, 2023, and 10,113,000 Warrants are exercisable to acquire one Share at a price of $1.25 per Share, expiring March 8, 2026 and 350,000 Broker Warrants are exercisable to acquire one Share at a price of $1.25 per Share, expiring March 8, 2026

The Shareholders are entitled to dividends if, as and when declared by the Board. The holders of the Shares are also entitled to one vote per Share at meetings of the Shareholders and, upon liquidation, to share equally in such assets of the Company as are distributable to the Shareholders.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

### 10.2 – 10.6 Miscellaneous Securities Provisions

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A are applicable to the share structure of the Company.

## 10.7 Prior Sales of Shares

***The Company***

The prior sales of securities of the Company for the past 12 months are listed in the following table:

| Date Issued | Number and Type[1] | Issue Price Per Security ($) | Aggregate Issue ($) | Nature of Consideration |
|---|---|---|---|---|
| February 9, 2021 | 500,000 Units[2] | $0.50 | $250,000 | Private Placement |
| February 9, 2021 | 134,762 Shares | $0.50 | $67,380 | Debt Settlement |
| March 8, 2022 | 10,113,000 Subscription Receipts of Units[(3)] | $0.50 | $5,056,500 | Private Placement |
| March 8, 2022 | 201,060 Shares | $0.50 | $100,530 | Administrative Fees |
| March 8, 2022 | 350,000 Broker Warrants | $1.25 | $437,500 | Finders' Fees |
| May 24, 2022 | 56,541,251 Shares | $0.50 | $28,270,625 | Acquisition |
| May 24, 2022 | 2,000,000 Shares | $0.50 | $1,000,000 | Administrative Fees |

1. All amounts are on a post-consolidated basis – consolidated 10: 1 effective July 20, 2021.
2. Units, consisting of one Share and one Share purchase warrant exercisable at $0.80 until February 9, 2023.
3. Units, consisting of one Share and on Share purchase warrant exercisable at $1.25 until March 8, 2026.

***Elephant***

The prior sales of securities of Elephant for the past 12 months are listed in the following table:

| Date Issued | Number and Type | Issue Price Per Security ($) | Aggregate Issue ($) | Nature of Consideration |
|---|---|---|---|---|
| June 14, 2021 | 1 Share | $0.01 | $0.01 | Incorporator's Share |
| October 13, 2021 | 43,300,000 Shares | $0.05 | $2,165,000 | Private Placement |
| October 13, 2021 | 433,000 Shares | $0.05 | $21,650 | Administrative Fee |
| May 24, 2022 | 1,500,000 Shares | $0.05 | $75,000 | Finders' Fee |
| May 24, 2022 | 11,308,250 Shares | $0.05 | $565,412.50 | Cibola Acquisition |

### 10.8 Stock Exchange Price

The Company's Shares traded on the CSE under the trading symbol "EVG" until October 28, 2021 at which time trading was halted pending closing of the Elephant Acquisition. The following table sets out trading information for the Shares on a monthly basis for each of the six months prior to the trading halt, and on a quarterly basis for the next preceding six quarters:

| Month | CSE Price Range[1] | | Total Volume |
|---|---|---|---|
| | High ($) | Low ($) | |
| October 2021 | 0.59 | 0.34 | 29,052 |
| September 2021 | 0.46 | 0.42 | 32,500 |
| August 2021 | 0.69 | 0.42 | 28,769 |
| July 2021 | 0.55 | 0.35 | 1,675,367 |
| June 2021 | 0.80 | 0.45 | 480,444 |
| May 2021 | 0.90 | 0.65 | 215,975 |
| Feb. – April. 2021 | 1.30 | 0.65 | 1,299,071 |
| Nov. 2020 – Jan 2021 | 0.70 | 0.40 | 1,295,977 |
| Aug. – Oct 2020 | 1.05 | 0.55 | 808,429 |
| May – July 2020 | 0.60 | 0.15 | 896,973 |

## 11. Escrowed Securities

The Company is classified as an "emerging issuer", as defined under NP 46-201. As they would not otherwise be subject to escrow in accordance with NP 46-201, Encore has agreed to voluntarily subject to escrow the 11,308,250 Shares it has received in connection with the Elephant Acquisition. Encore has entered into an agreement (the "**Escrow Agreement**") with the Company to reflect the terms of the voluntary escrow.

Effective upon the closing of the Elephant Acquisition, the following securities of the Company are expected to be held in escrow:

| Name of Securityholder | Designation of Class Held in Escrow | Number of Securities in Escrow | Percentage of Class |
|---|---|---|---|
| Encore | Common Shares | 11,308,250 | 15.90% (1) |

**Notes:**
(2) Based on 71,112,311 Shares issued and outstanding upon completion of the Elephant Acquisition and the Subscription Receipt Financing.

Pursuant to the terms of the Escrow Agreement, 20% of the Shares will be released from escrow on the date that the Shares commence trading on the CSE followed by four subsequent releases of 20% every six months thereafter.

## 12. Principal Shareholders

### 12.1 – 12.2 - Principal Shareholders

To the knowledge of the directors and senior officers of Elephant and the Company, upon completion of the Elephant Acquisition, except for Encore which holds 11,308,250 Shares representing approximately 15.90% of the outstanding Shares, no person or company beneficially owns, directly or indirectly, or exercise control or direction over, shares of the Company carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

### 12.3 Voting Trusts

To the knowledge of Elephant and the Company, no voting trust exists within Elephant or the Company such that more than 10% of any class of voting securities of Elephant or the Company are held, or are to be held, subject to any voting trust or similar agreement.

### 12.4 Associates and Affiliates

To the knowledge of Elephant or the Company, none of the principal Shareholders is an Associate or Affiliate of any other principal Shareholder.

## 13. Directors and Officers

### 13.1 – 13.3, 13.5, 13.11 Directors and Officers

The Articles of the Company provide that the number of directors should be no fewer than three directors if the Company is public and not fewer that one if it is private. Each director of the Company is elected

annually and holds office until the next annual general meeting of the Company or until his or her successor is duly elected, unless his or her office is earlier vacated, in accordance with the Articles of the Company.

Upon completion of the Elephant Acquisition, the directors and officers of the Company are as follows:

| Name and Municipality of Residence | Year First Elected or Appointed[5] | Principal Occupation for Past Five Years | Number of Common Shares Beneficially Owned or Controlled as at the Date of the Listing Statement[1] | Percentage of Issued and Outstanding Common Shares[2] |
|---|---|---|---|---|
| **Luke Montaine**<br>CEO<br><br>Vancouver, BC, Canada | Closing of Elephant Acquisition | Business consultant for various public companies since 2012 and CEO of Roadman Investments Corp. since 2019. | Nil | Nil |
| **Joel Shacker**[3]<br>Director<br><br>Vancouver, BC, Canada | Closing of Elephant Acquisition | CEO and Director of Core One Labs Inc. since May 2020, and President and Director of Thoughtful Bands Inc. since April 2019. Director of Gold Line Resources Ltd. since 2020. Mr. Shacker was a former Associate at Stadnyk and Partners from 2018 to 2019, former Director and consultant of Weekend Unlimited Inc. from 2018 to 2019. | Nil | Nil |
| **Geoff Balderson**<br>CFO & Corporate Secretary<br>Vancouver, BC, Canada | Closing of Elephant Acquisition | President of Harmony Corporate Services Ltd. since March 2015. | Nil | Nil |
| **Stephen Goodman**[3]<br>Director<br>Ottawa, ON, Canada | Closing of Elephant Acquisition | Managing Director of Storm Harbour Partners LP, since May 2017 to present. President, CFO and Director of Lion Copper and Gold Corp. from May 2021 to present. Business consultant since 2011 to present. | Nil | Nil |

| Name and Municipality of Residence | Year First Elected or Appointed[5] | Principal Occupation for Past Five Years | Number of Common Shares Beneficially Owned or Controlled as at the Date of the Listing Statement[1] | Percentage of Issued and Outstanding Common Shares[2] |
|---|---|---|---|---|
| **Adam Cegielski**[3]<br>Director<br>Oakville, ON, Canada | Closing of Elephant Acquisition | Business Consultant and CEO and Director of Gold Line Resources. Former CEO and Director of Binovi Technologies Corp. | Nil | Nil |

**Notes:**

(1) The information as to voting securities beneficially owned, directly or indirectly, is based upon information furnished by the anticipated directors and officers of the Company.

(2) Based on 71,112,311 common shares of the Company issued and outstanding upon completion of the Elephant Acquisition and the Subscription Receipt Financing.

(3) Expected member of the Audit Committee: Adam Cegielski, Stephen Goodman and Joel Shacker (Audit Chair).

(4) Directors of the Company will serve until the next annual meeting of shareholders of the Company or until their respective successors are duly appointed.

All of the directors of the Company are appointed to hold office until the next annual general meeting of shareholders or until their successors are duly elected or appointed, unless their office is earlier vacated. The directors and officers of the Company do not currently beneficially own, directly or indirectly, any voting securities of the Company.

***Principal Occupation or Employment During the Past Five Years of Directors and Officers***

Brief descriptions of the biographies for all of the officers and directors of the Company are set out below and, in the table, above. Unless otherwise stated, each of the below-named directors and officers has held the principal occupation or employment indicated for the past five years.

***Luke Montaine***, Chief Executive Officer, *Age: 41*

Luke Montaine has been involved in the capital markets for over 18 years in various capacities including the roles of investment advisor, corporate development, corporate finance and has organized fund raising for many venture capital and private equity situations. After studying economics at the University of British Columbia, Mr. Montaine began his career as an investment advisor at Global Securities Corporation, a boutique securities and futures brokerage firm in Vancouver, British Columbia prior to being acquired by PI Financial Corp. Mr. Montaine has had extensive experience in structuring, financing, and sourcing assets for various public and private companies. Mr. Montaine currently serves on the board and CEO of Ord Mountain Resources Corp. (TSX-V: OMR.H) a capital pool company as defined by the TSX Venture Exchange. Mr. Montaine and the companies he has been involved with have raised over $75M.

Mr. Montaine is a consultant of the Company, and, in his capacity as CEO and director, will dedicate approximately 50% of his time to the affairs of the Company. Pursuant to the terms of his consulting agreement with the Company, Mr. Montaine is subject to confidentiality obligations. Mr. Montaine is not a party to any non-competition agreement with the Company.

**Joel Shacker**, Director, *Age: 31*

Mr. Shacker has worked extensively in the cannabis and finance space over the past six years and has sat on several boards of publicly traded companies. He has been in charge of leading the expansion of publicly

traded companies into international cannabis markets and has overseen and developed cannabis operations from the ground up. Mr. Shacker is currently the Chief Executive Officer and a director of Core One Labs Inc., an emerging biotechnology research and development company in the psychedelics as alternative medicines space. Core One Labs Inc. is focused on life sciences and on bringing psychedelic medicines to market through novel delivery systems and psychedelic assisted psychotherapy. Mr. Shacker holds an Honours Business Administration degree from Ivey Business School specializing in finance (2013).

Mr. Shacker is a consultant of the Company, and, in his capacity as director, will dedicate approximately 20% of his time to the affairs of the Company. Pursuant to the terms of his consulting agreement with the Company, Chris is subject to confidentiality obligations. Chris is not a party to any non-competition agreement with the Company.

***Geoff Balderson***, Chief Financial Officer and Corporate Secretary, *Age: 44*

Mr. Balderson has an extensive background in business and has worked in the capital markets for over 20 years. He currently acts as an officer and director of multiple TSX Venture and Canadian Securities Exchange listed companies. Mr. Balderson is the President of Harmony Corporate Services Ltd., a Vancouver based company that provides administrative services to publicly listed companies. Prior to this he was an Investment Advisor with two Canadian investment dealers. Mr. Balderson graduated from the Sauder School of Business at the University of British Columbia in April 2006.

Mr. Balderson is a consultant of the Company, and, in his capacity as CFO and Corporate Secretary, will dedicate approximately 15% of his time to the affairs of the Company. Pursuant to the terms of his consultant agreement with the Company, Mr. Balderson is subject to confidentiality obligations. Mr. Balderson is not a party to any non-competition agreement with the Company.

***Adam Cegielski,*** Director, Age: 46

Mr. Cegielski has over 20 years of experience in the venture capital industry ranging from mineral exploration, technology, health care and education. He started his career developing an industrial mineral project in Uganda that was later sold to Rio Tinto. Mr. Cegielski was the founding director of Cayden Resources, which was sold to Agnico Eagle Mines for $205-million. He was the founder, CEO and director of Binovi Technology Corp, a neuro-technology company driving higher levels of human performance through the use of Binovi technology.

Mr. Cegielski is also the CEO and a director of Gold Line Resources Ltd., a public company listed on the TSX Venture Exchange.

Mr. Cegielski is a consultant of the Company, and, in his capacity as director will dedicate approximately 15% of his time to the affairs of the Company. Pursuant to the terms of his consultant agreement with the Company, Mr. Cegielski is subject to confidentiality obligations. Mr. Cegielski is not a party to any non-competition agreement with the Company.

***Stephen Goodman,*** Director, Age: 50

Mr. Goodman has over 17 years of international experience in the financial services industry. He specializes in international transaction origination and execution primarily in the natural resources (metals and mining & energy), financial technology (fintech), asset management and special situations sectors. In 2009 Mr. Goodman worked in Institutional Sales with SMH Capital based in New York; followed by a

move to investment banking with focus on metals and mining at Casimir Capital LP. In 2011, he joined Knight Capital Group to build out the Investment Banking division with a continued focus on natural resources. With the banking team from Knight, he moved to KGS Alpha Capital Markets. Hired by his client in 2014, Stephen moved to the industry side of the resources sector as the President, CEO and director of a publicly listed company. He has been directly involved with the financing of several leading resource companies based in Canada with assets in Europe, Latin America and the financing of private and public technology companies. Mr. Goodman spent seven years working in Asia (Japan, Taiwan and Indonesia). He is a graduate of the University of Western Ontario (BA 1992) and received a Graduate Diploma from the Asia Pacific Management Cooperative Program at Capilano University in Vancouver (1996), and an MBA in Finance from INSEEC in Paris (1999).

Mr. Goodman is also the President, CFO and director of Lion Copper and Gold Corp., a public company currently listed on the TSX Venture Exchange.

Mr. Goodman is a consultant of the Company, and, in his capacity as director will dedicate approximately 15% of his time to the affairs of the Company. Pursuant to the terms of his consultant agreement with the Company, Mr. Goodman is subject to confidentiality obligations. Mr. Goodman is not a party to any non-competition agreement with the Company.

**13.4 – Board Committees of the Company**

***Audit Committee***

The overall purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to: the financial reporting process and the quality, transparency and integrity of the financial statements and other related public disclosures; internal controls over financial reporting; compliance with legal and regulatory requirements relevant to the financial statements and financial reporting; ensuring that there is an appropriate standard of corporate conduct for senior financial personnel and employees including, if necessary, adopting a corporate code of ethics; the external auditors' qualifications and independence; and the performance of the internal audit function and the external auditor. The Company has adopted a Charter of the Audit Committee of the Board.

The Company's Audit Committee consists of the following members: Joel Shacker (Chair of the Audit Committee), Adam Cegielski and Stephen Goodman. In accordance with Section 6.1.1 of NI 52-110, the Audit Committee members are comprised of independent directors, a majority of whom are not executive officers, employees or control persons of the Company or of an affiliate of the Company.

All members of the Audit Committee of the Company are "financially literate" within the meaning of Section 1.6 of NI 52-110 as a result of their prior financial experience in a management capacity, as directors, or as members of audit committees of public companies.

The Company's Board will adopt a written charter setting forth the responsibilities, powers and operations of the Audit Committee consistent with NI 52-110. The principal duties and responsibilities of the Company's Audit Committee will be to assist the Company's Board in discharging the oversight of:

- the integrity of the Company's consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements;
- the Company's compliance with legal and regulatory requirements;
- the Company's external auditors' qualifications and independence;

- the work and performance of the Company's financial management and its external auditors; and
- the Company's system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance, and risk management established by management and the Company's Board.

It is anticipated that the Audit Committee will have access to all books, records, facilities, and personnel and may request any information about the Company as it may deem appropriate. It will also have the authority to retain and compensate special legal, accounting, financial and other consultants, or advisors to advise the Audit Committee. The Audit Committee is also expected to review and approve all related-party transactions and prepare reports for the Company's Board on such related-party transactions as well as be responsible for the pre-approval of all non-audit services to be provided by our auditors.

The Company is a "venture issuer" as defined in NI 52-110 and is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110.

### 13.6 13.7 and 13.9 – Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, no directors of Elephant or the Company (including any personal holding company of a director), is:

1. as at the date of this Listing Statement, or has been, within 10 years before the date of this Listing Statement a director, CEO or CFO of any company (including the Company) that:

   (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or

   (b) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO;

2. as at the date of this Listing Statement, or has been within 10 years before the date of the Listing Statement, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

3. has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

4. has been subject to:

   (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority since December 31, 2000 or before December 31, 2000, the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director, except as follows.

Geoff Balderson, CFO and Corporate Secretary of the Elephant, and (from August 2014 to May 2017) the President and CEO and was (from July 2007 to present) a director of Argentum Silver Corp. ("**Argentum**"), a company publicly trading on the TSXV. A management cease trade order was issued on November 2, 2015 for failure to file its annual financial statements in the required time. Argentum's annual financial statements were subsequently filed and the BCSC issued a revocation order on December 16, 2015. In addition, a management cease trade order was issued on November 3, 2016, for failure to file its annual financial statements in the required time. Argentum's annual financial statements were subsequently and the BCSC issued a revocation order on December 5, 2016. Mr. Balderson was CFO and Secretary of Core One Labs Inc. ("**Core**"), a company publicly trading on the CSE. A management cease trade order was issued on May 3, 2021, for failure to file its annual financial statements in the required time. Core's annual financial statements were subsequently filed and the BCSC issued a revocation order on June 29, 2021. Mr. Balderson was CFO and Secretary of Thoughtful Brands Inc. ("**Thoughtful**"), a company publicly trading on the CSE. A management cease trade order was issued on May 4, 2021, and a cease trade order was issued on July 8, 2021. Thoughtful is in the process of completing its annual financial statements at which time Thoughtful anticipates that the cease trade order will be revoked.

Joel Shacker, a director of Elephant, is CEO and director of Core One Labs Inc. ("**Core**"), a company publicly trading on the CSE. A management cease trade order was issued to Core on May 3, 2021, for failure to file its annual financial statements in the required time. Core's annual financial statements were subsequently filed and the BCSC issued a revocation order on June 29, 2021. A management cease trade order was also issued to Core on May 2, 2022, for failure to file its annual financial statements in the required time, and which remains in place at this time. Mr. Shacker is President and director of Thoughtful Brands Inc. ("**Thoughtful**"), a company publicly trading on the CSE. A management cease trade order was issued on May 4, 2021, and a cease trade order was issued by the BCSC on July 8, 2021, in connection with a failure to file its annual financial statements in the required time. Thoughtful is in the process of completing its annual financial statements at which time Thoughtful anticipates that the cease trade order will be revoked.

Luke Montaine, CEO and director of Elephant and (from February 2019 to present) is also the CEO and director of Roadman Investments Corp. ("**Roadman**"). The Alberta Securities Commission ("**ASC**") issued a notice of hearing to Roadman and Mr. Montaine on September 28, 2020, alleging that misleading statements were made in news releases issued by Roadman in February and March 2020. On May 28, 2021, the ASC dismissed the allegations that Roadman and Mr. Montaine made misleading statements in news releases and acted contrary to the public interest.

Adam Cegielski, a director of the Company, was the CEO and director of Binovi Technologies Corp. ("**Binovi**") (formerly, Eyecarrot Innovations Corp.) from March 2012 to July 7, 2021. A management cease trade order was issued to Binovi on July 2, 2019, for failure to file its annual financial statements in the required time. Binovi's annual financial statements were subsequently filed on August 29, 2019. Binovi also filed its interim financial statements for the three months ended May 31, 2019, on September 13, 2019, and the BCSC issued a revocation order on September 16, 2019. A management cease trade order was issued on August 14, 2020, for failure to file its annual financial statements in the required time. Binovi's annual financial statements were subsequently filed and the BCSC issued a revocation order on on September 14, 2020. A management cease trade order was issued on September 15, 2020, for failure to file its interim financial statements in the required time. Binovi's interim financial statements were subsequently filed and the BCSC issued a revocation order on September 29, 2020. A management cease

trade order was issued on June 29, 2021, for failure to file its annual financial statements in the required time. Binovi's annual financial statements were subsequently filed and the BCSC issued a revocation order on July 28, 2021.

### 13.10 Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Company also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Directors of the Company will be bound by the provisions of the BCBCA to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity the Company may have. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the knowledge of Elephant and the Company, and other than disclosed herein, there are no known existing or potential conflicts of interest among the promoters, directors and officers of Elephant or the Company or other members of management or of any proposed promoter, director, officer or other member of management of the Company as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

## 14. Capitalization

### 14.1 Issued Capital

Upon completion of the Elephant Acquisition and the Subscription Receipt Financing, the share capital of the Company on a non-diluted and fully-diluted basis is as follows:

| Issued Capital | Number of Securities (non-diluted) | Number of Securities (fully-diluted) | % Issued (non-diluted) | % of Issued (fully-diluted) |
|---|---|---|---|---|
| Public Float | | | | |
| Total Outstanding (A) | 71,112,311 | 82,075,311 | 100% | 100% |
| Held by related persons or employees or related person or by persons or company who beneficially own, direct or indirectly, more than a 5% voting position in the issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the issuer upon exercise or conversion of other securities held (B) | 11,308,250 | 11,308,250 | 15.90% | 13.77% |
| **Total Public Float (A-B)** | 59,804,061 | 70,767,061 | 84.09% | 86.22% |
| **Freely-Tradeable Float** | | | | |
| Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements | 11,308,250 | 11,308,250 | 15.90% | 13.78% |

| Issued Capital | Number of Securities (non-diluted) | Number of Securities (fully-diluted) | % Issued (non-diluted) | % of Issued (fully-diluted) |
|---|---|---|---|---|
| or in a shareholder agreement and securities held by control block holders (C) | | | | |
| **Total Tradeable Float (A-C)** | 59,804,061 | 70,767,061 | 84.09% | 86.22% |

***Public Securityholders (Registered)***[1]

Information of the following is extracted from the list of Shareholders of the Company as of the date of this Listing Statement, as maintained by its registrar and transfer agent, Computershare. For the purposes of this table, "public security-holders" are registered shareholders other than related persons enumerated in section (B) of the previous chart.

| Common Shares Size of Holding | Number of Holders | Total Number of Securities |
|---|---|---|
| 1 – 99 securities | 15 | 433 |
| 100 – 499 securities | 7 | 1,655 |
| 500 – 999 securities | 2 | 1,507 |
| 1,000 – 1,999 securities | | |
| 2,000 – 2,999 securities | | |
| 3,000 – 3,999 securities | | |
| 4,000 – 4,999 securities | | |
| 5,000 or more securities | 2 | 2,143,629 |
| | **26** | **2,147,224** |

**Note:**
(1) This number includes the aggregate holdings of the Canadian Depository for Securities (CDS) (1,755,235 registered Shares).

***Public Securityholders (Beneficial)***

The following information is based on data files provided to Broadridge by financial intermediaries that hold the Company's securities. The following table includes (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings; but excludes the related persons referred to above:

| Common Shares Size of Holding | Number of Holders | Total Number of Securities |
|---|---|---|
| 1 – 99 securities | 1,982 | 52,407 |
| 100 – 499 securities | 363 | 76,577 |
| 500 – 999 securities | 76 | 49,995 |
| 1,000 – 1,999 securities | 49 | 65,922 |
| 2,000 – 2,999 securities | 23 | 51,539 |
| 3,000 – 3,999 securities | 8 | 27,508 |

| Common Shares<br>Size of Holding | Number of Holders | Total Number of Securities |
|---|---|---|
| 4,000 – 4,999 securities | 6 | 25,935 |
| 5,000 or more securities | 44 | 1,797,342 |
| Totals | **2,551** | **2,147,225** |

***Non - Public Securityholders (Registered)***

The following table includes "non-public security holders", being those related persons enumerated in section (B) of the issued capital chart.

| Class of Security<br>Size of Holding | Number of Holders | Total Number of Securities |
|---|---|---|
| 1 – 99 securities | - | - |
| 100 – 499 securities | - | - |
| 500 – 999 securities | - | - |
| 1,000 – 1,999 securities | - | - |
| 2,000 – 2,999 securities | - | - |
| 3,000 – 3,999 securities | - | - |
| 4,000 – 4,999 securities | - | - |
| 5,000 or more securities | 1 | 11,308,250 |
| Totals | **1** | **11,308,250** |

### 14.2 Convertible / Exchangeable Securities

Upon completion of the Elephant Acquisition and the Subscription Receipt Financing, 10,963,000 Warrants will be outstanding. 500,000 Warrants are exercisable to acquire one Share at a price of $0.80 per Share, expiring on February 9, 2023, 10,113,000 Warrants are exercisable to acquire one Share at a price of $1.25 per Share, expiring on March 8, 2026 and 350,000 Broker Warrants are exercisable to acquire one Share at a price of $1.25 per Share, expiring on March 8, 2026.

### 14.3 Other Listed Securities

The Company has no other listed securities reserved for issuance that are not included in this Section 14.

## 15. Executive Compensation

### 15.1 Compensation Discussion and Analysis

See “Statement of Executive Compensation” in Schedule “G” hereto.

***Oversight and Description of Director and Named Executive Officer Compensation***

The Board of the Company will review the compensation of its executives’ following completion of the Elephant Acquisition and make such changes as it deems appropriate.

## 16. Indebtedness of Directors and Officers

Management is not aware of any indebtedness (other than routine indebtedness) outstanding by any of Elephant 's or the Company's directors, executive officers or any of their associates, or any guarantees, support agreements, letters of credit or similar arrangements provided by Elephant or the Company to these individuals.

## 17. Risk Factors

### 17.1 Description of Risk Factors

The operations of the Company are speculative due to the high-risk nature of its business which is the exploration of mining properties. These are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected.

***Negative Operating Cash Flow and Dependence on Third Party Financing***

The Company has no source of operating cash flow and there can be no assurance that the Company will ever achieve profitability. Accordingly, the Company is dependent on third party financing to continue exploration activities on the Company's properties, maintain capacity and satisfy contractual obligations. Accordingly, the amount and timing of expenditures depends on the Company's cash reserves and access to third party financing. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties or require the Company to sell one or more of its properties (or an interest therein).

***Uncertainty of Additional Financing***

As stated above, the Company is dependent on third party financing, whether through debt, equity, or other means. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company. The Company's access to third party financing depends on a number factors including the price of uranium, the results of ongoing exploration, a claim against the Company, a significant event disrupting the Company's business or the uranium industry generally, or other factors may make it difficult or impossible to obtain financing through debt, equity, or other means on favourable terms, or at all. As previously stated, failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties or require the Company to sell one or more of its properties (or an interest therein).

***The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.***

The Company's actual financial position and results of operations may differ materially from management's expectations. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's

revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

***The Price of Uranium and Alternate Sources of Energy***

The price of uranium is at historically low levels and the price of the Company's securities is highly sensitive to fluctuations in the price of uranium. Historically, the fluctuations in these prices have been, and are expected to continue to be, affected by numerous factors beyond the Company's control. Such factors include, among others: demand for nuclear power; political and economic conditions in uranium producing and consuming countries; public and political response to a nuclear accident; improvements in nuclear reactor efficiencies; reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails; sales of excess inventories by governments and industry participants; and production levels and production costs in key uranium producing countries.

In addition, nuclear energy competes with other sources of energy like oil, natural gas, coal and hydroelectricity. These sources are somewhat interchangeable with nuclear energy, particularly over the longer term. If lower prices of oil, natural gas, coal and hydro-electricity are sustained over time, it may result in lower demand for uranium concentrates and uranium conversion services, which, among other things, could lead to lower uranium prices. Growth of the uranium and nuclear power industry will also depend on continuing and growing public support for nuclear technology to generate electricity. Unique political, technological and environmental factors affect the nuclear industry, exposing it to the risk of public opinion, which could have a negative effect on the demand for nuclear power and increase the regulation of the nuclear power industry. An accident at a nuclear reactor anywhere in the world could affect acceptance of nuclear energy and the future prospects for nuclear generation.

All of the above factors could have a material and adverse effect on the Company's ability to obtain the required financing in the future or to obtain such financing on terms acceptable to the Company, resulting in material and adverse effects on its exploration and development programs, cash flow and financial condition.

***Loss of Entire Investment***

An investment in the Shares is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high-risk investments and who can afford to lose their entire investment should consider an investment in the Company**.**

***Mineral Exploration is Speculative***

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities, as major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets

could have a material adverse outcome on the Company and its securities. Whether income will result from projects undergoing exploration programs depends on the successful establishment of mining operations. Factors including, but not limited to, government regulations (such as those governing prices, taxes, royalties, land tenure, land use and environmental protection), costs, actual mineralization, size and grade of mineral deposits, consistency and reliability of ore grades and commodity prices may affect successful project development. Few properties that are explored are ultimately developed into producing mines.

***Additional Exploration Risks***

The risks and uncertainties inherent in exploration activities include but are not limited to: general economic, market and business conditions, the regulatory process and actions, failure to obtain necessary permits and approvals, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. Discovery of mineral deposits is also dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting exploration programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Company's mineral exploration activities will result in any discoveries of any bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that it will be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, most of which are beyond the control of the Company and may result in the Company not receiving adequate return on investment capital.

***No Known Mineral Resources or Reserves***

There are no known bodies of commercial minerals on the Company's mineral exploration properties. The exploration programs undertaken and proposed constitute an exploratory search for mineral resources and mineral reserves or programs to qualify identified mineralization as mineral reserves.

There is no assurance that the Company will be successful in its search for mineral resources and mineral reserves.

***Reliance upon Key Management and Other Personnel***

The Company relies on the specialized skills of management and consultants in the areas of mineral exploration, geology and business negotiations and management. The loss of any of these individuals could have an adverse effect on the Company. The Company does not currently maintain key-man life insurance on any of its key employees. As the Company's business activity grows, it will require additional key financial, administrative and qualified technical personnel. Although the Company believes that it will be successful in attracting, retaining and training qualified personnel, there can be no assurance of such success. If it is not successful in attracting, retaining and training qualified personnel, the efficiency of the Company's business could be affected, which could have an adverse impact on its future cash flows, earnings, results of operation and financial condition.

***Title to Properties***

The Company has diligently investigated all title matters concerning the ownership of all mineral claims and plans to do so for all new claims and rights to be acquired. While to the best of its knowledge, title to the Company's mineral properties are in good standing, this should not be construed as a guarantee of title.

The Company's mineral properties may be affected by undetected defects in title, such as the reduction in size of the mineral titles and other third-party claims affecting the Company's interests. Maintenance of such interests is subject to ongoing compliance with the terms governing such mineral titles. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have title to any or some of its mineral properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

***Permits and Licences***

The Company's operations will require licences and permits from various governmental and nongovernmental authorities. The Company has obtained, or will obtain, all necessary licences and permits required to carry on with activities which it is currently conducting or which it proposes to conduct under applicable laws and regulations. However, such licences and permits are subject to changes in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain all necessary licences and permits required to carry out planned exploration, development, and mining operations at any of its projects.

***Environmental and Other Regulatory Requirements***

Environmental and other regulatory requirements affect the current and future operations of the Company, including exploration and development activities, require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. Companies engaged in the development and operation of mines and related facilities often experience increased costs, along with delays in production and other schedules, as a result of the need to comply with applicable laws, regulations and permits.

Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the Company's mineral properties. There can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at the Company's mineral properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

***Uninsurable Risks***

Exploration, development and production of mineral properties are subject to certain risks, and in particular, unexpected or unusually geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to insure fully against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could have an adverse impact on the Company's operations and could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

***Conflicts of Interest***

Directors of the Company are or may become directors of other public companies or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its directors will attempt to minimize such conflicts.

***Limited Operating History***

The Company is subject to many risks common to enterprises with a limited operating history, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and absence of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. All of the Company's properties are in the exploration stage. There can be no assurance that the Company will be able to develop any of its projects profitably or that any of its activities will generate positive cash flow.

***Volatility of Share Price***

The trading price of the Shares may be subject to large fluctuations. The trading price of the Shares may increase or decrease in response to a number of events and factors, including: the price of metals and minerals including the price of uranium; the Company's operating performance and the performance of competitors and other similar companies; exploration and development of the Company's properties; the public's reaction to the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities; changes in earnings estimates or recommendations by research analysts who track the Shares or the shares of other companies in the resource sector; changes in general economic conditions; the number of Shares to be publicly traded after the offering; the arrival or departure of key personnel; and acquisitions, strategic alliances or joint ventures involving the Company or its competitors. In addition, the market price of the Shares is affected by many variables not directly related to the Company's success and not within the Company's control, including: developments that affect the market for all resource sector shares; the breadth of the public market for the Shares; and the attractiveness of alternative investments. In addition, securities markets have recently experienced an extreme level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. As a result of these and other factors, the Company's share price may be

volatile in the future and may decline below the price at which an investor acquired its shares. Accordingly, investors may not be able to sell their securities at or above their acquisition cost.

***Potential Dilution from Future Financings***

Additional financing needed to continue funding the exploration of the Company's properties may require the issuance of additional securities of the Company. The issuance of additional securities and the exercise of Share Purchase Warrants, Stock Options and other convertible securities will result in dilution of the equity interests of any persons who are or may become holders of Shares.

***Legal Proceedings and Disputes***

The Company is not currently subject to material litigation. However, the Company could become involved in disputes with governmental authorities, non-governmental organizations and other private parties in the future which may result in material litigation. The results of litigation cannot be predicted with certainty. If the Company were unable to resolve such disputes favorably, the resulting litigation could have a material adverse impact on the Company's financial performance, cash flow and results of operations**.**

***Political Regulatory Risks***

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations and return of capital. Any such changes may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, and its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

***Competition***

The mineral exploration business is a competitive business. The Company competes with numerous other companies and individuals who may have greater financial resources in the search for and the acquisition of personnel, funding and attractive mineral properties. As a result of this competition, the Company may be unable to obtain additional capital or other types of financing on acceptable terms or at all, acquire properties of interest or retain qualified personnel.

***Public Health Crises***

Public health crises could adversely affect the Company's business. The Company's financial and/or operating performance could be materially adversely affected by the outbreak of public health crises, epidemics, pandemics or outbreaks of new infectious diseases or viruses, such as the recent global outbreak of a novel coronavirus disease, COVID-19. Such public health crises, including the ongoing COVID-19 pandemic, can result in volatility and disruption to global supply chains, consumer, trade and market sentiment, mobility of people, and global financial markets, which could affect share prices, interest rates, credit ratings, credit risk, inflation, business, financial conditions and results of operations, and other factors relevant to the Company. The risks to the Company of such public health crises, including the ongoing COVID-19 outbreak, also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak or could result in the cancellation of orders,

as well as supply chain disruptions and could negatively impact the Company's business, financial condition and results of operations.

In particular, the current restrictions, and future prevention and mitigation measures implemented as result of the current COVID-19 pandemic, are likely to have an adverse impact on global economic conditions and consumer confidence and spending, which could materially adversely affect the demand and supply for our products. Uncertainties regarding the economic impact of COVID-19 is likely to result in sustained market turmoil, which could also negatively impact the Company's business, financial condition and cash flows and the trading price of its Common Shares.

## 18. Promoters

### 18.1 Promoters

***The Company***

As CEO of Elephant up to the completion of the Elephant Acquisition, and as CEO of the Company upon completion of the Elephant Acquisition, Luke Montaine is a promoter of the Company within the meaning of applicable securities laws, controlling Nil Company Shares. The Company has not acquired any assets from Mr. Montaine within the two years before the date of the Listing Statement.

### 18.2 Orders, Bankruptcies and Sanctions

No promoter referred to in Section 18.1 is, as at the date of this Listing Statement, or was within ten years before the date hereof, a director, CEO or CFO of any person or company that:

(a) was subject to an order that was issued while the promoter was acting in the capacity as a director, CEO or CFO; or

(b) was subject to an order that was issued after the promoter ceased to be a director, CEO or CFO and which resulted from an event that occurred while the promoter was acting in the capacity as director, CEO or CFO.

No promoter referred to in Section 18.1:

(a) is, as at the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

No promoter referred to in Section 18.1 has been subject to:

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered

into a settlement agreement with a provincial and territorial securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

## 19. Legal Proceedings

There are no current or contemplated legal proceedings that are material to the business or assets of Elephant or the Company.

## 20. Interest of Management and Others in Material Transactions

Elephant and the Company are not aware of any direct or indirect material interest in any matter to be acted upon or any material transaction during the last three fiscal years of any director, executive officer or principal Shareholder.

## 21. Auditors, Transfer Agents and Registrars

### 21.1 Auditors

***The Company***

The auditor of the Company is Smythe LLP, Chartered Professional Accountants ("**Smythe**"), at its office located at Suite 1700 – 475 Howe Street, Vancouver, British Columbia.

***Elephant***

The auditor of Elephant is Crowe MacKay LLP ("**Crowe**"), at its office located at Suite 1100 – 1177 West Hastings Street, Vancouver, British Columbia. It is anticipated that Crowe will become the auditor of the Company following completion of the Elephant Acquisition.

### 21.2 Transfer Agent and Registrar

***The Company and Resulting Company***

The transfer agent and registrar of the Company is Computershare Trust Company of Canada ("**Computershare**"), at its office located at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9. Computershare will continue to be the transfer agent and registrar for the Company following completion of the Elephant Acquisition.

## 22. Material Contracts

### 22.1 Material Contracts

During the course of the two years prior to the date of this Listing Statement, the Company entered into the following material contracts, other than contracts entered into in the ordinary course of business:

- Share Purchase Agreement;

- Escrow Agreement (see Section 11 – *Escrowed Securities*); and
- Equity Incentive Plan.

### 22.2 Special Agreements

This Section does not apply to the Company.

## 23. Interest of Experts

There is no direct or indirect interest in the business or assets of a Related Person of the Company or Elephant received or to be received by a person or company whose profession or business gives authority to a statement made in this Listing Statement or a person who is named as having prepared or certified a part of this Listing Statement or prepared or certified a report or valuation described or included in this Listing Statement.

## 24. Other Material Facts

The Company is not aware of any other material facts relating to the Company, Elephant, or the Acquisition that are not disclosed under the preceding items and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Company and Elephant are assuming completion of the Elephant Acquisition, other than those set forth herein.

## 25. Financial Statements

Financial statements for Company for the nine months ended December 31, 2021 (unaudited) and the fiscal years ended March 31, 2021, 2020 and 2019 (audited) are appended to this Listing Statement as Schedule "A" – *Company Financial Statements*.

Audited financial statements for Elephant for the period ended December 31, 2021 (audited) are appended to this Listing Statement as Schedule "C" – *Elephant Financial Statements*.

Audited financial statements for Cibola for the nine months ended September 30, 2021 (audited) are appended to this Listing Statement as Schedule "E" – *Cibola Financial Statements*.

Pro forma consolidated financial statements for the Company (unaudited), assuming the completion of the Elephant Acquisition and the Subscription Receipt Financing, as at December 31, 2021 are appended to this Listing Statement as Schedule "F" – *Pro Forma Financial Statements*.

## 26. CERTIFICATE OF FUTURE FUEL CORPORATION

Pursuant to a resolution duly passed by its Board of Directors, Future Fuel Corporation, hereby applies for the listing of the above-mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to Future Fuel Corporation. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 24th day of May, 2022.

*(signed) "Luke Montaine"*
**Luke Montaine**
**Chief Executive Officer**

*(signed) "Geoff Balderson"*
**Geoff Balderson**
**Chief Financial Officer and Corporate Secretary**

*(signed) "Joel Shacker"*
**Joel Shacker**
**Director**

*(signed) "Stephen Goodman"*
**Stephen Goodman**
**Director**

*(signed) "Adam Cegielski"*
**Adam Cegielski**
**Director**

## 27. CERTIFICATE OF ELEPHANT CAPITAL CORP

The foregoing contains full, true and plain disclosure of all material information relating to Elephant Capital Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 24th day of May, 2022.

*(signed) "Luke Montaine"*

**Luke Montaine**

**Chief Executive Officer**

**Schedule "A"**
**Company Consolidated Financial Statements**

(see attached)


# CONSOLIDATED FINANCIAL STATEMENTS

**For the years ended March 31, 2021 and 2020**

**Expressed in Canadian dollars**

Smythe CPA

# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF EVOLVING GOLD CORP.

### *Opinion*

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

- the consolidated statements of financial position as at March 31, 2021 and 2020;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in shareholder's deficit 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, 2021 and 2020, 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, 2021, the Company had an accumulated deficit of $84,900,805 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.



Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

Smythe LLP | smythecpa.com

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.



Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

Smythe
CPA

- 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 28, 2021



Smythe LLP | **smythecpa.com**

**Vancouver**
1700 – 475 Howe St
Vancouver, BC V6C 2B3
**T:** 604 687 1231
**F:** 604 688 4675

**Langley**
305 – 9440 202 St
Langley, BC V1M 4A6
**T:** 604 282 3600
**F:** 604 357 1376

**Nanaimo**
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
**T:** 250 755 2111
**F:** 250 984 0886

**Evolving Gold Corp.**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

March 31, 2021 and 2020

| | Note | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash | 5 | $ 140,580 | $ 3,661 |
| Funds in trust | | 1,775 | - |
| GST receivable | | 1,807 | 4,331 |
| Prepaid expenses | | - | 5,649 |
| | | 144,162 | 13,641 |
| **Non-Current Assets** | | | |
| Reclamation bonds | 8 | 18,458 | 20,773 |
| **Total Assets** | | **$ 162,620** | **$ 34,414** |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Accounts payable and accrued liabilities | 9,15 | $ 258,531 | $ 198,473 |
| Loans | 10,15 | - | 62,548 |
| | | 258,531 | 261,021 |
| **Other Liabilities** | | | |
| Asset retirement obligations | 8 | 18,458 | 20,773 |
| | | 18,458 | 20,773 |
| **Shareholders' Deficit** | | | |
| Share capital | 11 | 85,547,796 | 85,230,416 |
| Reserves | 11 | 348,403 | 348,403 |
| Deficit | | (84,900,805) | (84,716,436) |
| Accumulated other comprehensive loss | | (1,109,763) | (1,109,763) |
| **Total Deficit** | | (114,369) | (247,380) |
| **Total Liabilities and Shareholders' Deficit** | | **$ 162,620** | **$ 34,414** |

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:**

| ***"Charles Jenkins"*** | ***"William Majcher"*** |
|---|---|
| Director | Director |

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

**Evolving Gold Corp.**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Expressed in Canadian Dollars

For the years ended March 31, 2021 and 2020

| | Note | Year ended March 31, 2021 | 2020 |
|---|---|---|---|
| **Expenses** | | | |
| Accounting and audit | | $ 22,744 | $ 25,305 |
| Advertising and promotion | | 2,995 | - |
| Amortization | 7 | - | 318 |
| Bank charges and interest | | 482 | 3,939 |
| Interest and finance charges | 10,15 | 7,188 | - |
| Legal | | 10,461 | 10,306 |
| Management fees | 15 | 116,250 | 150,000 |
| Mineral properties | 6 | - | 2,740 |
| Office expense | | 8,761 | 54,641 |
| Transfer agent and filing fees | | 16,310 | 31,339 |
| | | (185,191) | (278,588) |
| **Other Items** | | | |
| Recovery on mineral property | 6 | - | 204,843 |
| Gain on settlement of debt | 9,10 | - | 95,347 |
| Gain on disposal of assets | 7 | - | 2,431 |
| Foreign exchange | | 822 | (574) |
| Interest income | | - | 117 |
| **Net and comprehensive income (loss) for the year** | | **$ (184,369)** | **$ 23,576** |
| **Income (loss) per share:** | | | |
| Basic and diluted | | $ (0.11) | $ 0.01 |
| **Weighed average number of common shares outstanding** | | | |
| Basic and diluted | | 1,709,191 | 1,589,498 |

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

**Evolving Gold Corp.**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

Expressed in Canadian Dollars

For the years ended March 31, 2021 and 2020

| | | Share Capital | | | | | |
|---|---|---|---|---|---|---|---|
| | Note | Number of Shares | Amount | Reserves | Deficit | Accumulated Other Comprehensive Loss | Total Shareholders' Deficit |
| **Balance at March 31, 2019** | | **1,572,238** | **$ 85,230,416** | **$ 348,403** | **$ (84,740,012)** | **$ (1,109,763)** | **$ (270,956)** |
| Shares issued as financing bonus | 11 | 50,000 | - | - | - | - | - |
| Income for the year | | - | - | - | 23,576 | - | 23,576 |
| **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)** |

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

**Evolving Gold Corp.**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

For the years ended March 31, 2021 and 2020

| | Year ended March 31, | |
|---|---|---|
| | 2021 | 2020 |
| **Operating Activities** | | |
| Net Income (loss) for the year | $ (184,369) | $ 23,576 |
| **Items not involving cash** | | |
| Amortization | - | 318 |
| Gain on settlement of debt | - | (95,347) |
| Bank charges and interest | 4,832 | 2,548 |
| Disposal of equipment | - | (2,431) |
| **Changes in assets and liabilities** | | |
| Accounts receivable | 2,524 | (1,403) |
| Prepaid expenses | 3,874 | 2,669 |
| Accounts payable and accrued liabilities | 60,058 | (24,284) |
| **Cash used in operating activities** | (113,081) | (94,354) |
| **Financing Activity** | | |
| Issuance of share capital - private placement | 250,000 | - |
| Shareholder loans | - | 78,000 |
| **Cash provided by financing activity** | **250,000** | **78,000** |
| **Investment Activity** | | |
| Proceeds on disposition of assets | - | 3,810 |
| **Cash provided by investment activity** | **-** | **3,810** |
| **Net change in cash** | 136,919 | (12,544) |
| **Cash, beginning balance** | 3,661 | 16,205 |
| **Cash, ending balance** | **$ 140,580** | **$ 3,661** |
| **Supplemental Cash Flow Information** | | |
| Loans converted into share capital | $ 67,380 | $ - |

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

# 1. NATURE OF OPERATIONS AND GOING CONCERN

Evolving Gold Corp. (the "Company" or "Evolving") 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 is in the exploration stage and has interests in mineral properties located in Canada. The Company is listed on the Canadian Stock Exchange ("CSX") under the symbol "EVG". 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 shares 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 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, 2021, the Company had an accumulated deficit of $84,900,805 (2020 - $84,716,436) since inception and expects to incur losses from operations for the foreseeable future. These conditions indicate the existence of 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 potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. 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, 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.

# 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 28, 2021.

## 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:

| | Incorporation Jurisdiction | Percentage owned March 31, 2021 | Percentage owned March 31, 2020 |
|---|---|---|---|
| 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.

**Property, Plant and Equipment**

Property, plant and equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs of replacement parts are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the fiscal period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization is calculated using a straight-line method to allocate the cost of the assets over their useful lives. The amortization rates applicable to each category of property, plant and equipment are as follows:

| Asset | Rate |
|---|---|
| Computer equipment | Straight-line, 3 years |
| Furniture and fixtures | Straight-line, 5 years |

The rates of amortization and useful lives of property, plant and equipment are evaluated and adjusted as necessary at each reporting period end.

**Exploration and Evaluation Rights and Expenditures**

All direct costs related to the acquisition of rights to explore mineral property interests and all exploration and evaluation expenditures are expensed in the period incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as a depletion base.

**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. Following the recognition of an impairment loss, the amortization charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

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*

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, loans, and convertible debenture 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, 2021 that have not been applied in preparing the consolidated financial statements for the year ended March 31, 2021. 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.

**Convertible Loan**

Management makes estimates and assumptions on the interest rate used in determining the fair value liability component of its convertible debentures that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period.

**Judgements**

**Title to Mineral Property Interests**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

**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, 2021, cash included $140,580 (2020 - $3,661) held in commercial deposit accounts with a Canadian chartered bank.

## 6. EXPLORATION AND EVALUATION EXPENDITURES

During the year ended March 31, 2021, the Company did not incur any exploration expenditures. The Company retains certain Quebec properties and is reviewing its plans with respect to those claims.

During the year ended March 31, 2020, the Company evaluated its existing properties and conducted minimal work. Property expenditures of $2,740 were incurred in 2020 to allow for the return of bonds held by various regulatory bodies, and general administrative costs of maintaining the property while the remaining bonds are outstanding. As a result of the evaluation, the properties were allowed to expire.

During the year ended March 31, 2020, Revenue Quebec completed a review of the Company's previously filed request for a Quebec Mineral Exploration Tax Credit. A total of $204,843 was received by the Company and is recorded in other items in the statements of comprehensive income (loss). There were no comparable amounts during the current year.

## 7. PROPERTY, PLANT AND EQUIPMENT

| | Office furniture and equipment | Computer equipment and software | Total |
|---|---|---|---|
| **Cost:** | | | |
| March 31, 2019 | $ 50,043 | $ 4,174 | $ 54,217 |
| Disposals | (50,043) | (4,174) | (54,217) |
| **March 31, 2020 and 2021** | $ - | $ - | $ - |
| **Depreciation:** | | | |
| March 31, 2019 | $ (50,043) | $ (2,477) | $ (52,520) |
| Additions | - | (318) | (318) |
| Disposals | 50,043 | 2,795 | 52,838 |
| **March 31, 2020 amd 2021** | $ - | $ - | $ - |
| **Net book value:** | | | |
| **At March 31, 2020 and 2021** | **$ -** | **$ -** | **$ -** |

During the year ended March 31, 2020, the Company sold all their furniture and equipment for gross proceeds of $3,810, resulting in a gain of $2,431. There were no comparable amounts during the current year.

## 8. ASSET RETIREMENT OBLIGATIONS

The Company continues to maintain reclamation bonds on deposit related to its former United States properties. 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 Company fulfills its site restoration obligations as required when a drill site is abandoned, and accordingly, no discounted present value was calculated due to the expected short-term nature of the obligation.

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

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Reclamation bonds | **$ 18,458** | **$ 20,773** |
| Asset retirement obligations | **$ 18,458** | **$ 20,773** |

## 9. ACCOUNTS PAYABLE AND DEBT SETTLEMENTS

Accounts payable and accrued liabilities consists of trade payables, accruals and other non-trade payables.

During the year ended March 31, 2020, the Company recognized a gain on debt of $7,149 as certain accounts payable were written down as no longer payable. There were no comparable amounts during the current year.

## 10. SHORT-TERM LOAN

On November 7, 2018, the Company entered into a loan agreement with a potential acquirer of the Company and received a loan of $69,000 and bearing interest at a rate of 5% per annuum, repayable on November 7, 2019. During the year ended March 31, 2020, the Company received an additional $18,000. On October 2, 2019, the Company announced that the proposed reverse takeover had been terminated. As a result of a mutually agreed settlement, the loan received has been forgiven. Accordingly, during the year ended March 31, 2020, the Company recorded a gain of $88,198 as a result of the settlement of the transaction.

On October 29, 2019, the Company entered into a convertible loan agreement ("CD") with a shareholder, and received a loan of $60,000, and 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 $0.075 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 500,000 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 been assigned to the derivative liability or the equity component. During the year ended March 31, 2021, the Company accrued interest of $4,832 (2020 – $2,548).

During the year, the Company converted the shareholder loan and accrued interest, totaling $67,380, to common shares. Accordingly, 1,347,616 common shares were issued at $0.05 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.

The changes to share capital during the years ended March 31, 2021 and 2020 are summarized in the consolidated statements of changes in shareholders' deficit. 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, issuing 134,762 common shares at $0.50 per common share (Note 10).

During the year ended March 31, 2020, 50,000 common shares were issued as a financing bonus related to the shareholder loan (Note 10).

**b) Share Purchase Warrants**

The following is a summary of changes in warrants for the year ended March 31, 2021 and the year ended March 31, 2020:

| | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | Number of warrants | Weighted average exercise price | Number of warrants | Weighted average exercise price |
| Warrants outstanding, beginning of year | 100,000 | $ 1.50 | 100,000 | $ 1.50 |
| Issued | 500,000 | $ 0.80 | - | $ - |
| Warrants outstanding, end of year | 600,000 | $ 0.92 | 100,000 | $ 1.50 |

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** |

As at March 31, 2020, the Company had total outstanding warrants as follows:

| Expiry date | Exercise price | Warrants outstanding |
|---|---|---|
| April 22, 2021 | $1.50 | 100,000 |
| | | **100,000** |

Subsequent to the year ended March 31, 2021, the 100,000 warrants priced at $1.50 per share expired unexercised.

## 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, 2021 and 2020 are as follows:

| | March 31, 2021 | | | March 31, 2020 | | |
|---|---|---|---|---|---|---|
| | Number of options | Weighted average exercise price | | Number of options | Weighted average exercise price | |
| Options outstanding, beginning of year | 112,400 | $ | 4.40 | 154,900 | $ | 3.30 |
| Options expired | - | $ | - | (42,500) | $ | 0.50 |
| **Options outstanding, end of year** | **112,400** | **$** | **4.40** | **112,400** | **$** | **4.40** |
| **Options exercisable, end of year** | **112,400** | **$** | **4.40** | **112,400** | **$** | **4.40** |

At March 31, 2021 and 2020, 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 |
| September 5, 2022 | $2.00 | 22,500 |
| | | **112,400** |

**Fair value of options granted during the year**

There were no options granted during the year ended March 31, 2021 and the year ended March 31, 2020. During the year ended March 31, 2020, 42,500 options expired unexercised.

Subsequent to the year ended March 31, 2021, 12,500 options priced at $5.00 per share 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 to 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 $725 (2020 - $817) as detailed below:

| United States Dollar Denominated Balances | March 31,2021 | March 31, 2020 |
|---|---|---|
| Accounts payable | $ (5,756) | $ (5,756) |
| **10% change in exchange rate impact** | **$ (725)** | **$ (817)** |

***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, 2021 and 2020 relating to cash of $140,580 and $3,661, 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, 2021 | $ 258,531 | $ - | $ - | $ - | $ 258,531 |
| March 31, 2020 | $ 198,473 | $ 62,548 | $ - | $ - | $ 261,021 |

***Fair Value***

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

The carrying values of loan and 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, 2021 and 2020.

## 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. Share-based payments were incurred for both key management and directors. No directors' fees were paid during the applicable years.

The following key management compensation was incurred:

| | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Management fees and salaries | $ 116,250 | $ 150,000 |
| | **$ 116,250** | **$ 150,000** |

Management fees are payable in Canadian dollars. The fees were accrued as payable to Bruce Duncan, the CEO of the Company and later to his estate, and to a company controlled by Charles Jenkins, the CFO of the Company. Unpaid and accrued management fees as of March 31, 2021 were $161,250 (2020 - $95,000) and are included in accounts payable and accrued liabilities. During the year ended March 31, 2021, the late CEO of the Company advanced $23,542 to the Company for expenses. Interest of $2,354 (2020 - $nil) was accrued with respect to this debt. The loan and interest were repaid during the year.

## 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, 2021 | March 31, 2020 |
|---|---|---|
| **Net income (loss) before income taxes** | **$ (184,369)** | **$ 23,576** |
| Tax owing (recovery) based on the statutory rate of 27% (2020: 27%) | (49,780) | 6,366 |
| Non-deductible (taxable) differences | - | (72,811) |
| Foreign income taxed at other than Canadian statutory rate | (617,511) | 315,456 |
| Impact of under-provision in previous year | 1,399,320 | (10,654) |
| Impact of foreign exchange on tax assets and liabilities | - | - |
| Changes in unrecognized deferred tax assets | (416,506) | (311,168) |
| Origination and reversal of temporary differences | (315,523) | 72,811 |
| **Income tax expense (recovery)** | **$ -** | **$ -** |

**Deferred Income Tax Assets and Liabilities**

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

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Share issue costs | $ - | $ 4,000 |
| Capital assets | 34,000 | 34,000 |
| Mineral properties | 24,153,000 | 28,353,000 |
| Non-capital losses carried forward | 77,653,000 | 89,702,000 |
| Capital losses | 166,000 | 166,000 |
| Unrealized foreign exchange gain | 10,292,000 | 5,261,000 |
| | 112,298,000 | 123,520,000 |
| Unrecognized deferred tax asset | (112,298,000) | (123,520,000) |
| **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, 2021, the Company had accumulated non-capital losses totaling approximately $16,527,000 in Canada expiring in various amounts from 2026 to 2041, and $71,420,000 in the US expiring in various amounts from 2028 to 2041 that may be applied against future year's taxable income in Canada and US.

## 17. EVENTS AFTER THE REPORTING PERIOD

The Company has evaluated its activities subsequent to March 31, 2021 and has determined that there were no material events to be reported.


**CONSOLIDATED FINANCIAL STATEMENTS**

**For the years ended March 31, 2020 and 2019**

**Expressed in Canadian dollars**

## Contents

Smythe
CPA

# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF EVOLVING GOLD CORP.

### *Opinion*

We have audited the consolidated financial statements of Evolving Gold Corp. (the "Company"), which comprise:

- the consolidated statements of financial position as at March 31, 2020 and 2019;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in shareholders' deficit 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, 2020 and 2019, 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, 2020, the Company has an accumulated deficit of $84,716,436 (2019 - $84,740,012) 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.



Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

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.



Smythe LLP | **smythecpa.com**

**Vancouver**
1700 – 475 Howe St
Vancouver, BC V6C 2B3
**T:** 604 687 1231
**F:** 604 688 4675

**Langley**
305 – 9440 202 St
Langley, BC V1M 4A6
**T:** 604 282 3600
**F:** 604 357 1376

**Nanaimo**
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
**T:** 250 755 2111
**F:** 250 984 0886

- 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
September 11, 2020



Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

**Evolving Gold Corp.**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

As at

| | Note | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 5 | $ 3,661 | $ 16,205 |
| GST receivable | | 4,331 | 2,928 |
| Prepaid expenses | | 5,649 | 8,318 |
| | | 13,641 | 27,451 |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 7 | - | 1,697 |
| Reclamation bonds | 8 | 20,773 | 19,590 |
| **Total Assets** | | **$ 34,414** | **$ 48,738** |
| **Liabilitites** | | | |
| **Current Liabilities** | | | |
| Accounts payable and accrued liabilities | 9, 16 | $ 198,473 | $ 229,906 |
| Loans | 10 | 62,548 | 70,198 |
| | | 261,021 | 300,104 |
| **Other Liabilities** | | | |
| Asset retirement obligation | 8 | 20,773 | 19,590 |
| | | 20,773 | 19,590 |
| **Shareholders' Deficit** | | | |
| Share capital | 11 | 85,230,416 | 85,230,416 |
| Reserves | 11 | 348,403 | 348,403 |
| Deficit | | (84,716,436) | (84,740,012) |
| Accumulated other comprehensive loss | | (1,109,763) | (1,109,763) |
| **Total Deficit** | | (247,380) | (270,956) |
| **Total Liabilities and Shareholders' Deficit** | | **$ 34,414** | **$ 48,738** |

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:**

| *"R. Bruce Duncan"* | *"Robert Horsley"* |
|---|---|
| Director | Director |

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

**Evolving Gold Corp.**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Expressed in Canadian Dollars

For the years ended

| | Note | 2020 | 2019 |
|---|---|---|---|
| **Expenses** | | | |
| Accounting and audit | | $ 25,305 | $ 47,374 |
| Amortization | 7 | 318 | 2,353 |
| Bank charges and interest | 10 | 3,939 | 3,459 |
| Legal | | 10,306 | 14,006 |
| Management fees | 16 | 150,000 | 150,000 |
| Mineral properties | 6 | 2,740 | 46,774 |
| Office expense | | 54,641 | 195,543 |
| Share-based payments | 12, 16 | - | 5,696 |
| Transfer agent and filing fees | | 31,339 | 14,594 |
| | | (278,588) | (479,799) |
| **Other Items** | | | |
| Recovery on mineral property | 6 | 204,843 | - |
| Gain on settlement of accounts payable and debt | 9, 10 | 95,347 | 548,947 |
| Gain on sale of property, plant, and equipment | 7 | 2,431 | - |
| Loss on disposition of marketable securities | | - | (131,175) |
| Foreign exchange | | (574) | (19,802) |
| Interest income | | 117 | 261 |
| **Net and Comprehensive income (loss) for the year** | | **$ 23,576** | **$ (81,568)** |
| **Income (loss) per share:** | | | |
| Basic and diluted earnings per share | | $ 0.00 | $ (0.01) |
| **Weighted average number of common shares outstanding** | | | |
| Basic and diluted | | 15,894,981 | 15,722,378 |

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

**Evolving Gold Corp.**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

Expressed in Canadian Dollars

For the years ended

| | Note | Share Capital | | | | | |
|---|---|---|---|---|---|---|---|
| | | Number of Shares | Amount | Reserves | Deficit | Accumulated Other Comprehensive Loss | Total Shareholders' Deficit |
| **Balance at March 31, 2018** | | **15,722,378** | **$ 85,230,416** | **$ 342,707** | **$ (84,708,286)** | **$ (1,059,921)** | **$ (195,084)** |
| Share-based payments | 12 | - | - | 5,696 | - | | 5,696 |
| Loss for the year | | - | - | - | (81,568) | - | (81,568) |
| Impact of adopting IFRS 9 | | - | - | - | 49,842 | (49,842) | - |
| **Balance at March 31, 2019** | | **15,722,378** | **$ 85,230,416** | **$ 348,403** | **$ (84,740,012)** | **$ (1,109,763)** | **$ (270,956)** |
| Shares issued as financing bonus | | 500,000 | - | - | - | - | - |
| Income for the year | | - | - | - | 23,576 | - | 23,576 |
| **Balance at March 31, 2020** | | **16,222,378** | **$ 85,230,416** | **$ 348,403** | **$ (84,716,436)** | **$ (1,109,763)** | **$ (247,380)** |

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

**Evolving Gold Corp.**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

For the years ended

| | 2020 | 2019 |
|---|---|---|
| **Operating Activities** | | |
| Net income (loss) for the year | $ 23,576 | $ (81,568) |
| **Items not involving cash** | | |
| Share-based payments | - | 5,696 |
| Amortization | 318 | 2,353 |
| Gain on settlement of accounts payable and debt | (95,347) | (548,947) |
| Bank charges and interest | 2,548 | 1,198 |
| Loss on disposition of marketable securities | - | 131,175 |
| Foreign exchange | - | (2,722) |
| Gain on sale of property, plant, and equipment | (2,431) | - |
| **Changes in assets and liabilities** | | |
| GST receivable | (1,403) | (540) |
| Prepaid expenses | 2,669 | 42,799 |
| Accounts payable and accrued liabilities | (24,284) | 130,391 |
| **Cash used in operating activities** | (94,354) | (320,165) |
| **Financing Activity** | | |
| Proceeds from shareholder loans | 78,000 | 69,000 |
| **Cash provided by financing activity** | **78,000** | **69,000** |
| **Investment Activities** | | |
| Proceeds from disposition of marketable securities | - | 20,825 |
| Proceeds on disposition of property, plant, and equipment | 3,810 | - |
| **Cash provided by investment activities** | **3,810** | **20,825** |
| Effects of exchange rate changes | - | 2,722 |
| **Net change in cash and cash equivalents** | (12,544) | (227,618) |
| Cash | 3,597 | 30,891 |
| Cash equivalents | 12,608 | 212,932 |
| **Cash and cash equivalents, beginning balance** | 16,205 | 243,823 |
| Cash | 3,661 | 3,597 |
| Cash equivalents | - | 12,608 |
| **Cash and cash equivalents, ending balance** | **3,661** | **16,205** |

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

# 1. NATURE OF OPERATIONS AND GOING CONCERN

Evolving Gold Corp. (the "Company" or "Evolving") 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 is in the exploration stage and has interests in mineral properties located in Canada.

Effective December 7, 2010, the common shares of the Company were listed on the Toronto Stock Exchange ("TMX") and trade under the symbol EVG. On July 25, 2014, the Company announced its listing on the Canadian Stock Exchange ("CSX") and its delisting from the TMX. The head office, principal address and records office of the Company are located at Suite 605, 1166 Alberni Street, Vancouver, British Columbia, Canada, V6E 3Z3.

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, 2020, the Company had an accumulated deficit of $84,716,436 (2019 - $84,740,012) since inception and expects to incur losses from operations for the foreseeable future. These conditions indicate the existence of 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 potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. 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 addition, 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, 2020. 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.

# 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 September 11, 2020.

### b) Change in Accounting Policy

The Company has not changed its accounting policies since its prior year ended March 31, 2019 and has applied accounting policies consistently for all years presented except the adoption of IFRS 16 "Lease" commencing April 1, 2019.

IFRS 16 Leases - sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.

- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The adoption of IFRS 16 had no material impact to the Company's consolidated financial statements as the Company has no long-term leases.

**c) 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, unless otherwise indicated. 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, 2020 | March 31, 2019 |
| 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 unless otherwise indicated.

**a) Exploration and Evaluation Rights and Expenditures**

All direct costs related to the acquisition of rights to explore mineral property interests and all exploration and evaluation expenditures are expensed in the period incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as a depletion base

**b) 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.

**c) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

**d) Property, Plant and Equipment**

**Recognition and Measurement**

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability would be recognized within provisions. Property, plant and equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses, with the exception of land, which is not amortized. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

**Amortization**

Amortization is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Office furniture and fixtures over 3 years
Computer equipment over 3 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**e) Impairment of Non-Financial Assets**

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive income.

**f) 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**

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, loans, and convertible debenture 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. |

**g) Provisions**

**Asset Retirement Obligation**

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.

**Other Provisions**

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

**h) Income Taxes**

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. 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.

**i) 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.

**j) Earnings (Loss) Per Share**

Basic earnings (loss) per share is calculated by dividing the net income (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated by dividing the net income available to common shareholders by the weighted average number of shares outstanding on a diluted basis. The weighted average number of shares outstanding on a diluted basis takes into account the additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. The calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively when the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split.

**k) Share-based Payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized over the vesting period, described as the period during which all the vesting conditions are to be satisfied. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. All equity-settled share-based payments are reflected in stock option reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in stock option reserves is credited 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. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

**l) Compound Financial Instruments**

The convertible debentures were separated into their liability and equity components on issuance of the instruments. The liability component is initially recognized at fair value, calculated at the present value of the liability based upon debt instruments without bonus shares, conversion features and warrants issued by comparable issuers and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for debt instruments with similar terms at the time of issue. The residual value is then allocated to the equity component.

# 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**

**a) 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.

**b) Income Taxes**

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

**c) Share-based Payment Transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

**d) Convertible Loan**

Management makes estimates and assumptions on the interest rate used in determining the fair value liability component of its convertible debentures that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period.

**Judgments**

**a) Title to Mineral Property Interests**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

**b) 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 AND CASH EQUIVALENTS

Cash at banks and on hand earn interest at floating rates based on daily bank deposit rates. As at March 31, 2020, cash and cash equivalents included $3,661 (March 31, 2019: $16,205) held in commercial deposit accounts with a Canadian chartered bank.

## 6. EXPLORATION AND EVALUATION EXPENDITURES

**a) Expenditures During the Year**

The Company's exploration and evaluation expenditures for the years ended March 31, 2020 and 2019 are summarized as:

| | Lithium Lakes | Nicobi | Oxen | Toro | Jake Creek | March 31, 2020 |
|---|---|---|---|---|---|---|
| Reclamation | $ - | $ - | $ - | $ - | $ 2,740 | **$ 2,740** |
| | $ - | $ - | $ - | $ - | $ 2,740 | **$ 2,740** |

| | Lithium Lakes | Nicobi | Oxen | Toro | Jake Creek | March 31, 2019 |
|---|---|---|---|---|---|---|
| Acquisition and land maintenance | $ 431 | $ - | $ - | $ 12,734 | $ - | **$ 13,165** |
| Consulting - geological | 9,924 | 5,879 | - | 9,385 | - | **25,188** |
| Field expenses and other | - | - | - | 290 | - | **290** |
| Reclamation | - | - | - | - | 8,131 | **8,131** |
| | $ 10,355 | $ 5,879 | $ - | $ 22,409 | $ 8,131 | **$ 46,774** |

**b) Transactions During the Year**

During the year ended March 31, 2020, the Company evaluated its existing properties and conducted minimal work, including property expenditures noted related to Jake Creek to allow for the return of bonds held by various regulatory bodies, and general administrative costs of maintaining the property while the remaining bonds are outstanding. As a result of the evaluation, the properties were allowed to expire.

During the year ended March 31, 2020, the Company completed a review of its previously filed request for a Quebec Mineral Exploration Tax Credit. A total of $204,843 (2019: $nil) was received by the Company and is recorded in other income.

**c) Properties**

Lithium Lakes and related Properties

On June 16, 2016, the Company purchased the Lithium Lakes Property in Quebec, Canada. Pursuant to the purchase agreement, the Company issued to the vendor a total of 300,000 common shares fair valued at $0.31 per share ($93,000). The Company also paid the vendor $40,000. The Lithium Lakes claims are subject to a 1% net smelter returns royalty, whereby the Company will have the right, at any time, to acquire one-half of the royalty by paying $500,000 to the royalty holder. During the year ended March 31, 2017, the Company increased its land position by staking several claims adjacent to its existing mineral claims.

On October 21, 2016, the Company claimed the Toro Property in the James Bay area of the Quebec province (Canada). It consists in 324 generally contiguous claims in nine blocks, covering about 17,224 hectares. The area is prospective for gold and base metals. During the year ended March 31, 2017, the Company increased its land position by staking several claims adjacent to its existing mineral claims.

On January 27, 2017, the Company claimed the Nicobi Property in the Abitibi area of the Quebec province (Canada). It consists in 57 contiguous claims, covering about 3,193 hectares. The area is prospective for gold and base metals.

On February 7, 2017, the Company acquired the Oxen Property in the Ungava Bay area of the Quebec province (Canada). It consists in 17 contiguous claims, covering about 788 hectares. The area is prospective for gold and base metals.

As a result of an evaluation of the properties and the lack of funds, the properties were allowed to expire.

Jake Creek Property

The Jake Creek Property was located in northern Humboldt County, Nevada, approximately 45 miles northeast of Winnemucca, and consisted of 699 generally contiguous, unpatented mining claims covering approximately 14,405 acres. The Company was the sole owner of the Jake Creek Property claim block and held an undivided 100% interest. As of September 30, 2016, the Company allowed the claims to lapse, and accordingly the Company no longer has any interest in these claims. The Company is waiting for the release of funds held as security (see Note 8).

## 7. PROPERTY, PLANT AND EQUIPMENT

| | Office furniture and equipment | Computer equipment and software | Total |
|---|---|---|---|
| **Cost:** | | | |
| March 31, 2019 | $ 50,043 | $ 4,174 | $ 54,217 |
| Disposals | (50,043) | (4,174) | (54,217) |
| **March 31, 2020** | $ - | $ - | $ - |
| **Depreciation:** | | | |
| March 31, 2019 | $ (50,043) | $ (2,477) | $ (52,520) |
| Additions | - | (318) | (318) |
| Disposals | 50,043 | 2,795 | 52,838 |
| **March 31, 2020** | $ - | $ - | $ - |
| **Net book value:** | | | |
| **At March 31, 2020** | **$ -** | **$ -** | **$ -** |

| | Office furniture and equipment | Computer equipment and software | Total |
|---|---|---|---|
| **Cost:** | | | |
| March 31, 2018 | $ 50,043 | $ 16,520 | $ 66,563 |
| Disposals | - | (12,346) | (12,346) |
| **March 31, 2019** | $ 50,043 | $ 4,174 | $ 54,217 |
| **Depreciation:** | | | |
| March 31, 2018 | $ (50,043) | $ (12,470) | $ (62,513) |
| Additions | - | (2,353) | (2,353) |
| Disposals | - | 12,346 | 12,346 |
| **March 31, 2019** | $ (50,043) | $ (2,477) | $ (52,520) |
| **Net book value:** | | | |
| **At March 31, 2019** | **$ -** | **$ 1,697** | **$ 1,697** |

During the year ended March 31, 2020, the Company sold all their furniture and equipment for gross proceeds of $3,810 (2019 - $nil), resulting in a gain of $2,431 (2019 - $nil).

## 8. ASSET RETIREMENT OBLIGATIONS

The Company continues to maintain reclamation bonds on deposit related to its former United States properties. 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 Company fulfills its site restoration obligations as required when a drill site is abandoned, and accordingly, no discounted present value was calculated due to the expected short-term nature of the obligation.

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

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Reclamation bonds | **$ 20,773** | **$ 19,590** |
| Asset retirement obligations | **$ 20,773** | **$ 19,590** |

## 9. ACCOUNTS PAYABLE AND DEBT SETTLEMENTS

Accounts payable and accrued liabilities consists of trade payables, accruals and other non-trade payables.

During the year ended March 31, 2020, the Company recognized a gain on debt of $7,149 (2019 - $548,947) as certain accounts payable were written down as no longer payable.

## 10. SHORT-TERM LOAN

On November 7, 2018, the Company entered into a loan agreement with a potential acquirer of the Company, and received a loan of $69,000, and bearing interest at a rate of 5% per annuum, repayable on November 7, 2019. During the year ended March 31, 2020, the Company received an additional $18,000. On October 2, 2019, the Company announced that the proposed reverse takeover had been terminated. As a result of a mutually agreed settlement, the loan received has been forgiven. Accordingly, during the year ended March 31, 2020, the Company recorded a gain of $88,198 (2019: $nil) as a result of the settlement of the transaction.

On October 29, 2019, the Company entered into a convertible loan agreement ("CD") with a shareholder, and received a loan of $60,000, and bearing interest at a rate of 10% per annuum, repayable on October 29, 2020. The loan is convertible to common shares of the Company at the lesser of $0.075 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 500,000 bonus shares to the lender. The Company has a contractual obligation to repay the loan, and the agreement contains 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 is valued using residual method after subtracting the fair value of the liability and derivative liability of the loan. The interest rate on the loan is approximately the market interest rate in determining the fair value of the liability component. Thus, no value has been assigned to the derivative liability or the equity component.

## 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.

The changes to share capital during the year ended March 31, 2020 and 2019 are summarized in the consolidated statement of shareholders' equity.

**b) Share Purchase Warrants**

The following is a summary of changes in warrants for the years ended March 31, 2020 and 2019:

| | March 31, 2020 | | | March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Number of warrants | Weighted average exercise price | | Number of warrants | Weighted average exercise price | |
| Warrants outstanding, beginning of year | 1,000,000 | $ | 0.15 | 1,000,000 | $ | 0.15 |
| Issued | - | $ | - | - | $ | - |
| Expired | - | $ | - | - | $ | - |
| Warrants outstanding, end of year | 1,000,000 | $ | 0.15 | 1,000,000 | $ | 0.15 |

As at March 31, 2020 and 2019, the Company had total outstanding warrants as follows:

| | Number of warrants | Exercise price | Expiry |
|---|---|---|---|
| Share purchase warrants | 1,000,000 | $0.15 | April 22, 2021 |
| | 1,000,000 | | |

## 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, 2020 and 2019 are as follows:

| | March 31, 2020 | | | March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Number of options | Weighted average exercise price | | Number of options | Weighted average exercise price | |
| Options outstanding, beginning of year | 1,549,000 | $ | 0.33 | 1,549,000 | $ | 0.33 |
| Options expired | (425,000) | $ | 0.05 | - | $ | - |
| **Options outstanding, end of year** | **1,124,000** | **$** | **0.44** | **1,549,000** | **$** | **0.33** |
| **Options exercisable, end of year** | **1,124,000** | **$** | **0.44** | **1,549,000** | **$** | **0.33** |

As at March 31, 2020, the following options were outstanding:

| Expiry Date | Exercise Price | Options Outstanding |
|---|---|---|
| July 25, 2021 | $0.50 | 750,000 |
| December 31, 2021 | $0.50 | 149,000 |
| September 5, 2022 | $0.20 | 225,000 |
| | | **1,124,000** |

At March 31, 2019, the following options were outstanding:

| Expiry Date | Exercise Price | Options Outstanding |
|---|---|---|
| December 19, 2019 | $0.05 | 425,000 |
| July 25, 2021 | $0.50 | 750,000 |
| December 31, 2021 | $0.50 | 149,000 |
| September 5, 2022 | $0.20 | 225,000 |
| | | **1,549,000** |

**Fair Value of Options Granted During the Year**

There were no options granted during the years ended March 31, 2020 and 2019. During the year ended March 31, 2020, 425,000 options expired unexercised.

## 13. 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, 2020 | March 31, 2019 |
|---|---|---|
| **Net income (loss) before income taxes** | **$ 23,576** | **$ (81,568)** |
| Tax owing (recovery) based on the statutory rate of 27% (2019: 27%) | 6,366 | (22,024) |
| Non-deductible (taxable) differences | (72,811) | (18,152) |
| Foreign income taxed at other than Canadian statutory rate | 315,456 | 1,538 |
| Effect of change in tax rates | | |
| Impact of under-provision in previous year | (10,654) | 39,903 |
| Impact of foreign exchange on tax assets and liabilities | - | 237,210 |
| Changes in unrecognized deferred tax assets | (311,168) | 91,987 |
| Origination and reversal of temporary differences | 72,811 | (330,462) |
| **Income tax expense (recovery)** | **$ -** | **$ -** |

**Deferred Income Tax Assets and Liabilities**

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

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Share issue costs | $ 4,000 | $ 9,000 |
| Capital assets | 34,000 | 303,000 |
| Mineral properties | 28,353,000 | 28,361,000 |
| Non-capital losses carried forward | 89,702,000 | 86,619,000 |
| Capital losses | 166,000 | 166,000 |
| Unrealized foreign exchange gain | 5,261,000 | 2,786,000 |
| | 123,520,000 | 118,244,000 |
| Unrecognized deferred tax asset | (123,520,000) | (118,244,000) |
| **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, 2020, the Company had accumulated non-capital losses totaling approximately $16,795,000 in Canada expiring in various amounts from 2026 to 2040, and $72,907,000 in the US expiring in various amounts from 2028 to 2040 that may be applied against future year's taxable income in Canada and US.

## 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

**General Objectives, Policies and Processes:**

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

***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 to 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 US 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 US 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 US dollar to the Canadian dollar would affect the reported loss and comprehensive loss by approximately $576 (March 31, 2019: $900) as detailed below:

| United States Dollar Denominated Balances | March 31,2020 | March 31, 2019 |
|---|---|---|
| Cash | $ - | $ (8) |
| Accounts payable | (5,756) | (8,988) |
| | **$ (5,756)** | **$ (8,996)** |
| **10% change in exchange rate impact** | **$ (576)** | **$ (900)** |

***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, 2020 and 2019 relating to cash and cash equivalents of $3,661 and $16,205, respectively, held in deposits at a Canadian chartered bank. The Company considers this credit risk to be minimal for all cash and cash equivalent 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, 2020 | $ 198,473 | $ 62,548 | $ - | $ - | $ 261,021 |
| March 31, 2019 | $ 229,906 | $ 70,198 | $ - | $ - | $ 300,104 |

**Determination of Fair Value**

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statement of financial position carrying amounts for cash and cash equivalents and trade and other payables approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

## 15. 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, 2020 or 2019.

## 16. 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. Share-based payments were incurred for both key management and directors. No directors' fees were paid during the applicable years.

The following key management compensation was incurred:

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Management fees and salaries | $ 150,000 | $ 150,000 |
| Share-based payments | - | 5,696 |
| | **$ 150,000** | **$ 155,696** |

Management fees are payable in Canadian dollars. After allowing for offsetting accruals, write-downs, expense allocations and disbursements, unpaid and accrued management fees as of March 31, 2020 were $95,000 (2019 $87,500) and is included in accounts payable and accrued liabilities.

## 17. LOSS PER SHARE

Basic loss per share amounts is calculated by dividing the net loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share figures are calculated after taking into account all warrants and stock options granted. Basic and diluted earnings (loss) per share for each of years presented excludes the effect of securities, including 1,124,000 share purchase options (March 31, 2019: 1,549,000 options) and 1,000,000 share purchase warrants (March 31, 2019: 1,000,000 warrants) as they are not dilutive.

| Basic and diluted net income (loss) per common share | Net income (loss) | Weighted average number of common shares outstanding – basic and diluted | Net income (loss) per common share – basic and diluted |
|---|---|---|---|
| March 31, 2020 | $ 23,576 | 15,894,981 | $ 0.00 |
| March 31, 2019 | $ (81,568) | 15,722,378 | $ (0.01) |

## 18. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and evaluation. All of the Company's non-current assets are located in Canada.


**CONSOLIDATED FINANCIAL STATEMENTS**

**For the years ended March 31, 2019 and 2018**

**Expressed in Canadian dollars**

## Contents

Smythe
CPA

# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF EVOLVING GOLD CORP.

*Opinion*
We have audited the consolidated financial statements of Evolving Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years 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 March 31, 2019 and 2018, 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 audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

*Material Uncertainty Related to Going Concern*
We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $81,568 during the year ended March 31, 2019. 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 of 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 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 audit or otherwise appears to be materially misstated.

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



Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

*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.

- 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 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.



Vancouver
1700 – 475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

Langley
305 – 9440 202 St
Langley, BC V1M 4A6
T: 604 282 3600
F: 604 357 1376

Nanaimo
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

Smythe
CPA

- 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
October 24, 2019



Smythe LLP | **smythecpa.com**

**Vancouver**
1700 – 475 Howe St
Vancouver, BC V6C 2B3
**T:** 604 687 1231
**F:** 604 688 4675

**Langley**
305 – 9440 202 St
Langley, BC V1M 4A6
**T:** 604 282 3600
**F:** 604 357 1376

**Nanaimo**
201 – 1825 Bowen Rd
Nanaimo, BC V9S 1H1
**T:** 250 755 2111
**F:** 250 984 0886

**Evolving Gold Corp.**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

As at

| | Note | March 31, 2019 | March 31, 2018 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 5 | $ 16,205 | $ 243,823 |
| Marketable Securities | 6 | - | 152,000 |
| Accounts receivable | | 2,928 | 2,388 |
| Prepaid expenses | | 8,318 | 51,117 |
| | | 27,451 | 449,328 |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 8 | 1,697 | 4,050 |
| Reclamation bonds | 9 | 19,590 | 18,900 |
| **Total Assets** | | **$ 48,738** | **$ 472,278** |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Accounts payable and accrued liabilities | 10 | $ 229,906 | $ 648,462 |
| Short-term loan | 11 | 70,198 | - |
| | | 300,104 | 648,462 |
| **Other Liabilities** | | | |
| Asset retirement obligation | 9 | 19,590 | 18,900 |
| | | 319,694 | 667,362 |
| **Shareholders' Deficit** | | | |
| Share Capital | 12 | 85,230,416 | 85,230,416 |
| Reserves | 12 | 348,403 | 342,707 |
| Deficit | | (84,740,012) | (84,708,286) |
| Accumulated Other Comprehensive Loss | | (1,109,763) | (1,059,921) |
| **Total Deficit** | | (270,956) | (195,084) |
| **Total Liabilities and Shareholders' Deficit** | | **$ 48,738** | **$ 472,278** |

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:**

| ***"R. Bruce Duncan"*** | ***"Robert Horsley"*** |
|---|---|
| Director | Director |

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

**Evolving Gold Corp.**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Expressed in Canadian Dollars

For the years ended

| | Note | Year ended March 31, 2019 | 2018 |
|---|---|---|---|
| **Expenses** | | | |
| Accounting and audit | | $ 47,374 | $ 42,015 |
| Amortization | 8 | 2,353 | 2,909 |
| Bank charges and interest | | 3,459 | 2,908 |
| Legal | | 14,006 | 7,547 |
| Management fees | 17 | 150,000 | 150,000 |
| Mineral properties | 7 | 46,774 | 585,350 |
| Office, rent and salaries | | 195,543 | 315,431 |
| Share-based payments | 13,17 | 5,696 | 59,823 |
| Transfer agent and filing fees | | 14,594 | 14,707 |
| | | (479,799) | (1,180,690) |
| **Other Items** | | | |
| Recovery on disposal of mineral property | | - | 34,885 |
| Gain on settlement of debt | 10 | 548,947 | 5,621 |
| Change in fair value of marketable securities | | - | (26,631) |
| Flow-through premium recognized | | - | 1,999 |
| Gain (loss) on disposition of marketable securities | | (131,175) | 117,246 |
| Foreign exchange | | (19,802) | (11,787) |
| Interest income | | 261 | 115 |
| **Net loss before income taxes** | | (81,568) | (1,059,242) |
| **Income taxes** | | | |
| Deferred income tax recovery | 14 | - | 22,157 |
| **Net loss for the year** | | (81,568) | (1,037,085) |
| Other comprehensive income to be recycled through profit or loss | | | |
| Change in fair value of marketable securities | | - | 72,000 |
| Realized gain on sale of marketable securities | | - | (18,000) |
| Deferred income tax expense | | - | (22,157) |
| **Comprehensive loss for the year** | | **$ (81,568)** | **$ (1,005,242)** |
| **Loss per share:** | | | |
| basic and diluted | | $ (0.01) | $ (0.07) |
| **Weighted average number of common shares outstanding** | | | |
| basic and diluted | | 15,722,378 | 15,627,446 |

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

**Evolving Gold Corp.**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

Expressed in Canadian Dollars

For the years ended March 31, 2019 and 2018

| | | Share Capital | | | | | |
|---|---|---|---|---|---|---|---|
| | Note | Number of Shares | Amount | Reserves | Deficit | Accumulated Other Comprehensive Loss | Total Shareholders' Equity (Deficit) |
| **Balance at March 31, 2017** | | **15,497,378** | **$ 85,207,747** | **$ 294,303** | **$ (83,671,201)** | **$ (1,091,764)** | **$ 739,085** |
| Stock options exercised | | 225,000 | 11,250 | - | - | - | 11,250 |
| Reserve adjustment re options | | - | 11,419 | (11,419) | - | - | - |
| Share-based payments | 13 | - | - | 59,823 | - | - | 59,823 |
| Loss for the year | | - | - | - | (1,037,085) | 31,843 | (1,005,242) |
| **Balance at March 31, 2018** | | **15,722,378** | **$ 85,230,416** | **$ 342,707** | **$ (84,708,286)** | **$ (1,059,921)** | **$ (195,084)** |
| Share-based payments | 13 | - | - | 5,696 | - | - | 5,696 |
| Loss for the year | | - | - | - | (81,568) | - | (81,568) |
| Impact of adopting IFRS 9 | | - | - | - | 49,843 | (49,843) | - |
| **Balance at March 31, 2019** | | **15,722,378** | **$ 85,230,416** | **$ 348,403** | **$ (84,740,012)** | **$ (1,109,763)** | **$ (270,956)** |

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

**Evolving Gold Corp.**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Operating Activities** | | |
| Net loss for the year | $ (81,568) | $ (1,037,085) |
| **Items not involving cash** | | |
| Share-based payments | 5,696 | 59,823 |
| Amortization | 2,353 | 2,909 |
| Gain on settlement of debt | (548,947) | (5,621) |
| Flow-through premium recognized | - | (1,999) |
| Gain (loss) on disposition of marketable securities | 131,175 | (117,246) |
| Change in fair value of marketable securities | - | 26,631 |
| Accrued interest on short-term loan | 1,198 | |
| Foreign exchange | (2,722) | 14,366 |
| Recovery on disposal of mineral property | - | (34,885) |
| Deferred income tax recovery | - | (22,157) |
| **Changes in assets and liabilities** | | |
| Accounts receivable | (540) | 2,316 |
| Prepaid expenses | 42,799 | 1,637 |
| Accounts payable and accrued liabilities | 130,391 | (141,682) |
| **Cash used in operating activities** | (320,165) | (1,252,993) |
| | | |
| **Financing Activity** | | |
| Issuance of common stock | - | 11,250 |
| Short-term loan | 69,000 | - |
| **Cash provided by financing activity** | **69,000** | **11,250** |
| | | |
| **Investment Activities** | | |
| Proceeds from disposition of marketable securities | 20,825 | 123,388 |
| Proceeds from reclamation bond refunds | - | 36,201 |
| Acquisition of marketable securities | - | (80,000) |
| Acquisition of property and equipment | - | (3,818) |
| **Cash provided by investment activities** | **20,825** | **75,771** |
| | | |
| Effects of exchange rate changes | 2,722 | (15,682) |
| | | |
| **Net change in cash and cash equivalents** | (227,618) | (1,181,654) |
| | | |
| **Cash and cash equivalents, beginning balance** | 243,823 | 1,425,477 |
| | | |
| **Cash and cash equivalents, ending balance** | **$ 16,205** | **$ 243,823** |

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

# 1. NATURE OF OPERATIONS AND GOING CONCERN

Evolving Gold Corp. (the "Company" or "Evolving") 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 is in the exploration stage and has interests in mineral properties located in Canada.

Effective December 7, 2010, the common shares of the Company were listed on the Toronto Stock Exchange ("TMX") and trade under the symbol EVG. On July 25, 2014, the Company announced its listing on the Canadian Stock Exchange ("CSX") and its delisting from the TMX. The head office, principal address and records office of the Company are located at 5213 Durie Road, Mississauga, Ontario L5M 2C6.

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. During the year ended March 31, 2019, the Company incurred a net loss of $81,568 (2018 - $1,037,085) and, as of that date, has an accumulated deficit of $84,740,012 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 potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. 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.

# 2. BASIS OF PREPARATION

## a) Statement of Compliance

These consolidated financial statements of the Company have been 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 October 24, 2019.

## b) Change in Accounting Policy

The Company has adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") as of April 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for the classification and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flows of the financial asset.

Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 *Financial Instruments: Disclosures* including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on the measurement of financial liabilities and de-recognition of financial instruments.

As a result of the adoption of IFRS 9, we have changed our accounting policy for financial instruments using the modified retrospective approach, without restatement of prior year's amounts. The change did not result in any changes to the carrying values of any of our financial instruments on transition date. The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39.

| | IAS 39 | IFRS 9 |
|---|---|---|
| Assets | | |
| Cash and cash equivalents | Amortized cost | Amortized cost |
| Marketable securities | Fair value through other comprehensive income | Fair value through profit or loss |
| Reclamation Bonds | Amortized cost | Amortized cost |
| Liabilities | | |
| Accounts payable and accrued liabilities | Amortized cost | Amortized cost |
| Asset retirement obligation | Fair value through profit or loss | Fair value through profit or loss |

Under IFRS 9, the Company's marketable securities are designated as financial assets through profit or loss. For equity instruments not held for trading, we may make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. We did not make any such election upon adoption of IFRS 9.

On adoption of IFRS 9, unrealized loss in fair value of $49,843, previously recognized in other comprehensive income, has been reallocated to deficit.

**c) Basis of Measurement**

The consolidated financial statements have been prepared on a historical cost basis, except for marketable securities, which are accounted for at fair value. The consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency, unless otherwise indicated. 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, 2019 | March 31, 2018 |
| 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 years presented in these consolidated financial statements unless otherwise indicated.

**a) Exploration and Evaluation Rights and Expenditures**

All direct costs related to the acquisition of rights to explore mineral property interests and all exploration and evaluation expenditures are expensed in the period acquired until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as a depletion base.

**b) 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.

**c) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

**d) Leased Assets**

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

**e) Property, Plant and Equipment**

**Recognition and Measurement**

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability would be recognized within provisions. Property, plant and equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses, with the exception of land, which is not amortized. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

**Amortization**

Amortization is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Office furniture and fixtures over 3 years Computer equipment over 3 years Leasehold improvements over the term of the lease

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**f) Impairment of Non-Financial Assets**

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive income.

**g) 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 statement of financial position at fair value with changes in fair value therein, recognized in profit or loss. The Company's marketable securities are included in financial assets at fair value through 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 statement of financial position at fair value with changes in fair value therein, recognized in other comprehensive 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**

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 and short-term loan 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. |

**h) Provisions**

**Asset Retirement Obligation**

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.

**Other Provisions**

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

**i) Income Taxes**

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.

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.

**j) 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.

**k) Earnings (Loss) Per Share**

Basic earnings (loss) per share is calculated by dividing the net income (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated by dividing the net income available to common shareholders by the weighted average number of shares outstanding on a diluted basis. The weighted average number of shares outstanding on a diluted basis takes into account the additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. The calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively when the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split.

**l) Share-based Payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized over the vesting period, described as the period during which all the vesting conditions are to be satisfied. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in stock option reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in stock option reserves is credited 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. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

**Recent Accounting Pronouncements**

Numerous new standards, amendments and interpretations to existing standards have been issued but are not yet effective. Below is the new standard that is likely to be relevant to the Company.

IFRS 16 New accounting standard that replaces IAS 17, IFRIC 4, SIC 15, and SIC 27 for the recognition, measurement, presentation, and disclosure of leases for both the lessee and lessor (effective for annual periods beginning on or after January 1, 2019).

The Company has not early adopted this standard, and as the Company does not have any leases over one year to maturity, the standard is not expected to have a material impact on the results and financial position of the Company when the standard is adopted.

## 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 profit or loss 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 are discussed below.

**Estimates**

**a) 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.

**b) Income Taxes**

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current

understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

**c) Share-based Payment Transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

**Judgments**

**a) Title to Mineral Property Interests**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

**b) 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 AND CASH EQUIVALENTS

Cash at banks earn interest at floating rates based on daily bank deposit rates. As at March 31, 2019, cash and cash equivalents included $16,205 (March 31, 2018: $243,823) held in commercial deposit accounts with a Canadian chartered bank.

# 6. MARKETABLE SECURITIES

Marketable securities consist of investments in the common shares of public companies and therefore have no fixed maturity date or coupon rate.

| | Fair Value | |
|---|---|---|
| | **March 31, 2019** | **March 31, 2018** |
| **NV Gold Corporation** – Listed Company | | |
| March 2019 – nil shares; March 2018 – 160,000 shares | - | 152,000 |
| | **$ -** | **$152,000** |

The fair values of NV Gold Corporation have been determined directly by reference to published price quotations in an active market. During the year ended March 31, 2019 the Company sold 160,000 shares for proceeds of $20,825 (March 31, 2018: 123,700 shares for proceeds of $123,061) and recognized a realized loss of $131,175 (March 31, 2018: Gain of $117,246).

# 7. EXPLORATION AND EVALUATION EXPENDITURES

## a) Expenditures During the Year

The Company's exploration and evaluation expenditures for the years ended March 31, 2019 and 2018 are summarized as:

| | Lithium Lakes | Nicobi | Oxen | Toro | Jake Creek | March 31, 2019 |
|---|---|---|---|---|---|---|
| Acquisition and land maintenance | $ 431 | $ - | $ - | $ 12,734 | $ - | **$ 13,165** |
| Consulting - geological | 9,924 | 5,879 | - | 9,385 | - | **25,188** |
| Field expenses and other | - | - | - | 290 | - | **290** |
| Reclamation | - | - | - | - | 8,131 | **8,131** |
| | $ 10,355 | $ 5,879 | $ - | $ 22,409 | $ 8,131 | **$ 46,774** |

| | Lithium Lakes | Nicobi | Oxen | Toro | Jake Creek | March 31, 2018 |
|---|---|---|---|---|---|---|
| Acquisition and land maintenance | $ 13,977 | $ - | $ 2,369 | $ 13,809 | $ - | **$ 30,155** |
| Assaying | 21,530 | 2,409 | 4,139 | 32,451 | - | **60,529** |
| Consulting - geological | 99,108 | 16,307 | 9,426 | 111,315 | - | **236,156** |
| Field expenses and other | 58,458 | 5,334 | - | 178,615 | - | **242,407** |
| Reclamation | - | - | - | - | 16,103 | **16,103** |
| | $ 193,073 | $ 24,050 | $ 15,934 | $ 336,190 | $ 16,103 | **$ 585,350** |

## b) Transactions During the Period

During the year ended March 31, 2019, the Company evaluated its existing properties and conducted minimal work, including property expenditures noted related to Jake Creek to allow for the return of bonds held by various regulatory bodies, and general administrative costs of maintaining the subsidiary while the remaining bonds are outstanding.

**c) Properties**

Lithium Lakes and related Properties

Lithium Lakes

On June 16, 2016, the Company purchased the Lithium Lakes Property in Quebec, Canada. Pursuant to the purchase agreement, the Company issued to the vendor a total of 300,000 common shares fair valued at $0.31 per share ($93,000). The Company also paid the vendor $40,000. The Lithium Lakes claims are subject to a 1% net smelter returns royalty, whereby the Company will have the right, at any time, to acquire one-half of the royalty by paying $500,000 to the royalty holder. During the year ended March 31, 2017, the Company increased its land position by staking several claims adjacent to its existing mineral claims.

Toro

On October 21, 2016, the Company claimed the Toro Property in the James Bay area of the Quebec province (Canada). It consists of 324 generally contiguous claims in nine blocks, covering about 17,224 hectares. The area is prospective for gold and base metals. During the year ended March 31, 2017, the Company increased its land position by staking several claims adjacent to its existing mineral claims.

Nicobi

On January 27, 2017, the Company claimed the Nicobi Property in the Abitibi area of the Quebec province (Canada). It consists of 57 contiguous claims, covering about 3,193 hectares. The area is prospective for gold and base metals.

Oxen

On February 7, 2017, the Company acquired the Oxen Property in the Ungava Bay area of the Quebec province (Canada). It consists of 17 contiguous claims, covering about 788 hectares. The area is prospective for gold and base metals.

Jake Creek Property

The Jake Creek Property was located in northern Humboldt County, Nevada, approximately 45 miles northeast of Winnemucca, and consisted of 699 generally contiguous, unpatented mining claims covering approximately 14,405 acres. The Company was the sole owner of the Jake Creek Property claim block and held an undivided 100% interest. As of September 30, 2016, the Company allowed the claims to lapse, and accordingly the Company no longer has any interest in these claims.

## 8. PROPERTY, PLANT AND EQUIPMENT

| | Office furniture and equipment | Computer equipment and software | Total |
|---|---|---|---|
| **Cost:** | | | |
| March 31, 2018 | $ 50,043 | $ 16,520 | $ 66,563 |
| Disposals | - | (12,346) | (12,346) |
| **March 31, 2019** | $ 50,043 | $ 4,174 | $ 54,217 |
| **Depreciation:** | | | |
| March 31, 2018 | $ (50,043) | $ (12,470) | $ (62,513) |
| Additions | - | (2,353) | (2,353) |
| Disposals | - | 12,346 | 12,346 |
| **March 31, 2019** | $ (50,043) | $ (2,477) | $ (52,520) |
| **Net book value:** | | | |
| **At March 31, 2019** | **$ -** | **$ 1,697** | **$ 1,697** |

| | Office furniture and equipment | Computer equipment and software | Total |
|---|---|---|---|
| **Cost:** | | | |
| March 31, 2017 | $ 50,043 | $ 12,702 | $ 62,745 |
| Additions | - | 3,818 | 3,818 |
| **March 31, 2018** | $ 50,043 | $ 16,520 | $ 66,563 |
| **Depreciation:** | | | |
| March 31, 2017 | $ (50,043) | $ (9,561) | $ (59,604) |
| Additions | - | (2,909) | (2,909) |
| **March 31, 2018** | $ (50,043) | $ (12,470) | $ (62,513) |
| **Net book value:** | | | |
| **At March 31, 2018** | **$ -** | **$ 4,050** | **$ 4,050** |

During the year ended March 31, 2019, the Company disposed of various laptops and monitors for total proceeds of $nil. Subsequent to March 31, 2019, the Company disposed of all its remaining assets. See Note 20, Subsequent Events.

## 9. ASSET RETIREMENT OBLIGATIONS

The Company continues to maintain reclamation bonds on deposit related to its former United States properties. 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 Company fulfills its site restoration obligations as required when a drill site is abandoned, and accordingly, no discounted present value was calculated due to the expected short-term nature of the obligation.

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

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Reclamation bonds | $ 19,590 | $ 18,900 |
| Asset retirement obligations | $ 19,590 | $ 18,900 |

## 10. ACCOUNTS PAYABLE AND DEBT SETTLEMENTS

Accounts payable and accrued liabilities consists of trade payables, accruals and other non-trade payables

During the year ended March 31, 2019, the Company recognized a gain on settlement of debt of $548,947 as certain accounts payable were written down as no longer payable (2018: $5,621).

## 11. SHORT-TERM LOAN

On November 7, 2018, the Company entered into a loan agreement with a potential acquirer of the Company, and received a loan of $60,000, subsequently increased by $9,000, and bearing interest at a rate of 5% per annuum, repayable on November 7, 2019. Accrued interest as of March 31, 2019 is $1,198. See Note 21, Subsequent Events.

## 12. 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.

The changes to share capital during the years ended March 31, 2019 and 2018 are summarized in the consolidated statement of shareholders' equity.

During the year ended March 31, 2019, the Company did not complete any share capital transactions.

During the year ended March 31, 2018, the Company completed the issuance of 225,000 shares for gross proceeds of $11,250 as a result of the exercise of 225,000 stock options at $0.05 per share.

**b) Share Purchase Warrants**

The following is a summary of changes in warrants for the years March 31, 2019 and 2018:

| | March 31, 2019 | | | March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Number of warrants | Weighted average exercise price | | Number of warrants | Weighted average exercise price | |
| Warrants outstanding, beginning of year | 1,000,000 | $ | 0.15 | 1,000,000 | $ | 0.15 |
| Issued | - | $ | - | - | $ | - |
| Expired | - | $ | - | - | $ | - |
| Warrants outstanding, end of year | 1,000,000 | $ | 0.15 | 1,000,000 | $ | 0.15 |

As at March 31, 2019 and 2018 the Company had total outstanding warrants as follows:

| | Number of warrants | Exercise price | Expiry |
|---|---|---|---|
| Share purchase warrants | 1,000,000 | $0.15 | April 22, 2019 |
| | 1,000,000 | | |

Subsequent to the year end, the Company extended the term of the warrant to expire on April 19, 2021.

## 13. 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, 2019 and 2018 are as follows:

| | March 31, 2019 | | | March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Number of options | Weighted average exercise price | | Number of options | Weighted average exercise price | |
| Options outstanding, beginning of year | 1,549,000 | $ | 0.33 | 1,549,000 | $ | 0.31 |
| Options granted | - | $ | - | 225,000 | $ | 0.20 |
| Options exercised | - | $ | - | (225,000) | $ | 0.05 |
| **Options outstanding, end of year** | **1,549,000** | **$** | **0.33** | **1,549,000** | **$** | **0.33** |
| **Options exercisable, end of year** | **1,549,000** | **$** | **0.33** | **1,174,333** | **$** | **0.30** |

As at March 31, 2019 and 2018, the following options were outstanding:

| Expiry Date | Exercise Price | Options Outstanding |
|---|---|---|
| December 19, 2019 | $0.05 | 425,000 |
| July 25, 2021 | $0.50 | 750,000 |
| September 30, 2021 | $0.50 | 149,000 |
| September 5, 2022 | $0.20 | 225,000 |
| | | **1,549,000** |

**Fair Value of Options Granted During the Year**

There were no options granted during the year ended March 31, 2019.

During the year ended March 31, 2018, the Company granted 225,000 stock options at an exercise price of $0.20 per share to a director. The options vest upon grant and expire in five years from the grant date. Stock-based payment of $59,823 was recognized as a result of the grant as well as previously issued grants which vested during the period. During 2019, $5,696 was recognized as a result of the grant.

**Options Issued to Employees**

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

**Options Issued to Non-Employees**

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

**Amounts Capitalized Arising from Share-based Payment Transactions**

No amounts were capitalized during the years ended March 31, 2019 and 2018.

The fair value pricing model inputs for options granted during the years ended March 31, 2019 and 2018 included:

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Share price on grant date | $ - | $0.195 |
| Exercise price | $ - | $0.20 |
| Risk-free interest rate | - | 0.75% |
| Expected life (years) | - | 5 |
| Volatility | - | 215% |
| Dividend rate | - | 0% |

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

## 14. 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, 2019 | March 31, 2018 |
|---|---|---|
| **Net loss before income taxes** | **$ (81,568)** | **$ (1,059,242)** |
| Tax recovery based on the statutory rate of 27% (2018: 26.25%) | (22,024) | (278,051) |
| Non-deductible (taxable) differences | (18,152) | 15,888 |
| Foreign income taxed at other than Canadian statutory rate | 1,538 | 150,403 |
| Effect of change in tax rates | | 6,574,170 |
| Impact of under-provision in previous year | 39,903 | - |
| Impact of foreign exchange on tax assets and liabilities | 237,210 | 777,152 |
| Changes in unrecognized deferred tax assets | 91,987 | (7,261,719) |
| Origination and reversal of temporary differences | (330,462) | - |
| **Income tax expense (recovery)** | **$ -** | **$ (22,157)** |

The Canadian federal corporate tax rate is 15% and the BC provincial tax rate is 12% prior to January 1, 2019. There have been no changes in the BC provincial tax rate nor the United States tax rate.

**Deferred Income Tax Assets and Liabilities**

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

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Share issue costs | $ 9,000 | $ 16,000 |
| Capital assets | 303,000 | 301,000 |
| Mineral properties | 28,361,000 | 28,544,000 |
| Non-capital losses carried forward | 86,619,000 | 86,420,000 |
| Capital losses | 166,000 | 166,000 |
| Unrealized foreign exchange gain | 2,786,000 | 2,786,000 |
| | 118,244,000 | 118,233,000 |
| Unrecognized deferred tax asset | (118,244,000) | (118,233,000) |
| **Net deferred tax assets** | **$ -** | **$ -** |

The Company has only recognized 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, 2019, the Company had accumulated non-capital losses totaling approximately $15,836,000 in Canada expiring in various amounts from 2026 to 2039, and $71,396,000 in the US expiring in various amounts from 2028 to 2039 that may be applied against future year's taxable income in Canada and US.

## 15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

**General Objectives, Policies and Processes:**

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

***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 to 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 as the Company does not hold significant marketable securities.

***Foreign Currency Risk***

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company has significant 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 US 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 US dollar to the Canadian dollar would affect the reported loss and comprehensive loss by approximately $900 (March 31, 2018: $26,358) as detailed below:

| United States Dollar Denominated Balances | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Cash | $ (8) | $ 152,643 |
| Accounts payable | (8,988) | (418,223) |
| | **$ (8,996)** | **$ (265,580)** |
| **10% change in exchange rate impact** | **$ (900)** | **$ (26,358)** |

***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, 2019 and 2018 relating to cash and cash equivalents of $16,205 and $243,823, respectively, held in deposits at a Canadian chartered bank. The Company considers this credit risk to be minimal for all cash and cash equivalent 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, 2019 | $ 229,906 | $ 70,198 | $ - | $ - | $ 300,104 |
| March 31, 2018 | $ 648,462 | $ - | $ - | $ - | $ 648,462 |

**Determination of Fair Value**

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statement of financial position carrying amounts for cash and cash equivalents and trade and other liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

## 16. 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, 2019 and 2018.

## 17. 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. Share-based payments were incurred for both key management and directors. No directors' fees were paid during the applicable years.

The following key management compensation was incurred:

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Management fees and salaries | $ 150,000 | $ 150,000 |
| Share-based payments | 5,696 | 52,609 |
| | **$ 155,696** | **$ 202,609** |

Management fees are payable in Canadian dollars. After allowing for offsetting accruals, write-downs, expense allocations and disbursements, unpaid and accrued management fees as of March 31, 2019 were $87,500 (March 31, 2018 $52,250), which is included in accounts payable.

## 18. COMMITMENT

The Company had a lease expiring August 31, 2019 for office space occupied by its head office. Future minimum payments under the operating lease as at the end of the indicated periods are as follows:

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Within one year | $ 30,725 | $ 82,721 |
| After one year, but no more than two years | - | 36,192 |
| More than two years | - | - |
| | $30,725 | $118,913 |

## 19. LOSS PER SHARE

Basic loss per share amounts is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The basic and diluted loss per share is the same, as there are no instruments that have a dilutive effect on earnings. Diluted loss per share for each of years presented excludes the effect of potentially dilutive securities, including 1,549,000 share purchase options (March 31, 2018: 1,549,000 options) and 1,000,000 share purchase warrants (March 31, 2018: 1,000,000 warrants), as their inclusion in the calculation of diluted loss per share would have been anti-dilutive.

## 20. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and evaluation. All of the Company's non-current assets are located in Canada

## 21. EVENTS SUBSEQUENT TO THE YEAR-END

The Company has evaluated its activities subsequent to March 31, 2019 and has determined that the following are material events to be reported:

- On October 2, 2019, the Company announced that the proposed reverse takeover by Bocana resources Ltd., which had been announced in 2018, had been terminated. As a result of a mutually agreed settlement, the loan received from Bocana had been forgiven.
- At July 31, 2019, the Company ended its lease at its previous office. As a result of the end of the lease, the Company sold or otherwise disposed of all of its furniture, office equipment and computers for proceeds of $4,000.

**Schedule "B"**
**Company MD&A**

(see attached)

**Management Discussion and Analysis**
**of**
**Financial Position**
**and**
**Results of Operations**
**for the**
**Year ended March 31, 2021**

This report is dated July 28, 2021
(The "Report Date")

Suite 2250, 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9
Email: info@evolvinggold.com Web: www.evolvinggold.com
CSX: EVG / OTCBB: EVOGF / FSE: EV71

**Evolving Gold Corp.**
**Management Discussion and Analysis**
**For the year ended March 31, 2021**

***Introduction***

The following information should be read in conjunction with the consolidated financial statements of Evolving Gold Corp. ("Evolving" or the "Company") for the years ended March 31, 2021 and 2020.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion includes the results of the Company's wholly owned subsidiaries:

- Evolving Gold Corp. (Nevada, USA)
- Rattlesnake Mining Corp. (Canada), and
- Rattlesnake Mining (Wyoming) Company (Wyoming, USA)

Note 3 of the consolidated financial statements at March 31, 2021 describes all of the Company's significant accounting policies. During the year ended March 31, 2021, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged.

***All amounts presented in this document are stated in Canadian dollars, the functional and reporting currency of the Company, except where otherwise noted.***

***Cautionary Note Regarding Forward Looking Statements***

This Management Discussion and Analysis ("MD&A") is intended to supplement and complement the consolidated financial statements of the Company for the years ended March 31, 2021 and 2020, and the notes thereto (collectively the "Financial Statements"). Readers are encouraged to review these Financial Statements in conjunction with a review of this Management Discussion and Analysis. Certain notes to the Financial Statements are specifically referred to in this Management Discussion and Analysis and such notes are incorporated by reference herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. These forward-looking statements are based on, but not limited to, material assumptions including: title to the Company's exploration properties; the level and suitability of exploration expenditures relating to those properties, including decisions regarding the impairment of mineral property expenditures; rehabilitation requirements; commodity prices; access to funding and capital markets conditions generally; various accounting estimations related to income taxes, share based payments and the valuation of available for sale securities; a sufficiently stable and healthy global economic environment; and other expectations, intentions and plans contained in this MD&A that are not historical fact.

When used in this MD&A, the words "plan," "expect," "believe," and similar expressions generally identify forward looking statements. These statements reflect current expectations. They are subject to a number of risks and uncertainties, including those factors disclosed under Risks and Uncertainties below. In light of the many risks and uncertainties, readers should understand that the Company cannot offer assurance that the forward-looking statements contained in this analysis will be realized.

**Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.**

Additional information relating to the Company may be found on SEDAR at www.sedar.com or at the company's website at www.evolvinggold.com.

***Corporate Overview***

The Company became a reporting issuer in the Provinces of Alberta, British Columbia and Ontario on May 14, 2004. The Company has traded on various exchanges since inception, and currently trades on the Canadian Stock Exchange (CSX: EVG since July 25, 2014)

***Description of Business***

Evolving Gold Corp. ("Evolving" or the "Company") is a Canadian-based mining exploration company engaged in the acquisition, exploration and development of natural resource properties. The Company's focus was Canadian based mineral exploration properties, however the Company is currently evaluating its projects and seeking opportunities.

***Changes in Management, Directors, and Corporate Activities***

The Company is currently actively seeking new business opportunities and has and continues to evaluate a number of prospects.

On November 16, 2020, the Company confirmed that R. Bruce Duncan, the Chief Executive Officer of the Company had passed away suddenly.

On November 19, 2020, the Company announced that Mr. Charles Jenkins CPA, CGA, the Company's chief financial officer for the past ten years, had been appointed as interim chief executive officer, effective immediately, and had also been appointed as a director of the Company.

On January 14, 2021, the Company announced the resignation of Robert Horsley as a director of the Company.

On January 20, 2021, the Company announced the appointment of Mr. David Velisek as a director of the Company. Mr. Velisek has been involved in the capital markets for over 25 years. He has been a licensed trader of equities, options and futures, as well as Investment Adviser. He has also held roles in investor relations as well as providing consulting services to public companies. Currently, Mr. Velisek is a director of Trillium Gold Mines Inc., Datinvest International Ltd. and Cognetivity Neurosciences Ltd. He has previous acted as director of Lifestyle Delivery Systems Inc., Amador Gold Corp., Novo Resources Corp., Finore Mining Inc. and Delon Resources Corp. Mr. Velisek is currently employed with Baron Global Financial Canada Ltd.

In February 2021, the Company closed a private placement of $250,000 through the issuance of 5,000,000 units at $0.05 per unit. Each unit consists of one share and one transferable share purchase warrant exercisable at $0.08 per share for a period of two years.

In February 2021, the Company converted a shareholder loan and accrued interest, totaling $67,380, to common shares. Accordingly, 1,347,616 common shares were issued at $0.05 per share. All shares are subject to a four month hold period from the date of issuance.

On July 23, 2021, the Company consolidated its common shares on the basis of ten pre-consolidated common shares for one post-consolidation common shares of the Company. The 22,569,994 pre-consolidation common shares issued and outstanding were adjusted to 2,257,000 post-consolidation common shares.

***Mineral Properties***

During the year ended March 31, 2021, the Company did not incur any exploration expenditures. The Company retains certain Quebec properties and is reviewing its plans with respect to those claims, which expire in late 2021.

During the year ended March 31, 2020, the Company evaluated its existing properties and conducted minimal work. Property expenditures of $2,740 were incurred in 2020 to allow for the return of bonds held by various regulatory bodies, and general administrative costs of maintaining the property while the remaining bonds are outstanding.

***Results of Operations***

The results for the year ended March 31, 2021 and 2020 are as follows:

| | 2021 | 2020 |
|---|---|---|
| Income (loss) for the period | $(184,369) | $23,576 |
| Comprehensive income (loss) for the period | $(184,369) | $23,576 |
| Basic and diluted income (loss) per share | $(0.11) | $ 0.01 |

On an operating basis, the loss for the year ended March 31, 2021 was $185,191 (2020 - $278,588). On a comprehensive basis, the 2021 loss was $184,369 compared to 2020 income of $23,576 due to a recovery on mineral properties of $204,843, a gain on settlement of debt of $95,347 and a gain on disposal of assets of $2,431. No similar gains occurred in 2021.

The operating expenditures reflect the following:

- Accounting and related fees were $22,744 compared to $25,305. These related primarily to the annual audit and tax filing related fees;
- Advertising and promotion was $2,995 (2020 - $nil) due to new release distribution costs;
- Amortization of $nil (2020 - $318) reflects the disposal of depreciable assets by the Company;
- Bank charges and interest of $482 and $7,188 respectively (2020 - $3,939) are due primarily to interest related to the loans received and outstanding for the respective periods, while bank charges were comparable;
- Legal expense of $10,461 was comparable to the $10,306 incurred in 2020 which both resulted from legal fees for corporate activities and filings with regulatory bodies;
- Management fees of $116,250 (2020 - $150,000) were reduced due to the passing of Mr. Duncan in the period;
- During 2020, $2,740 of reclamation mineral expenditures were incurred. There were no similar expenses in 2021, although this could change if such work is directed by the regulators as a result of their evaluation of the properties for which bonds are still held, or if the Company renews its current Quebec claims;
- Office expense of $8,761 (2020 - $54,641) reflect the cost to maintain the operations of the Company, primarily with respect to the now closed head office lease in 2020, and general corporate expenses. Expenses were lower overall due to cost controls implemented; and
- Transfer agent and filing fees of $16,310 (2020 - $31,339) reflect the ongoing costs to maintain listings, transfer services and the timing of corporate activities.

Non-operating items affecting the loss for the period include:

- Foreign exchange was a gain of $822, and a loss of $574 in 2020 due to the variations in the value of the Canadian dollar relative to the US dollar during the periods; and
- Interest income was $nil year to date compared to $117 in 2020.

***Summary of Quarterly Results (Unaudited)***

The following is a summary of the results from the eight previously completed financial quarters:

| | Fiscal 2021 | | | |
|---|---|---|---|---|
| | **Q4 March 31, 2021** | **Q3 December 31, 2020** | **Q2 September 30, 2020** | **Q1 June 30, 2020** |
| Comprehensive loss | (51,427) | (33,909) | (53,284) | (45,749) |
| Income (loss) per share | - | - | - | - |
| Total assets | 162,620 | 21,142 | 21,818 | 26,352 |
| Working capital | (114,369) | (380,322) | (346,413) | (293,129) |

| | Fiscal 2020 | | | |
|---|---|---|---|---|
| | **Q4 March 31, 2020** | **Q3 December 31, 2019** | **Q2 September 30, 2019** | **Q1 June 30, 2019** |
| Interest income and other | - | - | - | 117 |
| Exploration and evaluation expenditure | - | - | - | 2,740 |
| Comprehensive income (loss) | (35,407) | (91,269) | 221,665 | (71,413) |
| Income (loss) per share | - | (0.01) | 0.01 | (0.01) |
| Total assets | 34,414 | 38,211 | 36,778 | 34,369 |
| Working capital | (247,380) | (199,223) | (120,704) | (343,748) |

Q4, 2021 results

The results in Q4 2021 were comparable to the losses in the previous quarters of fiscal 2021 except that during Q4 estimated audit fees for the annual audit of $20,000 were accrued, interest on the shareholders loans was reduced, and management fees were also reduced as there is currently only one executive officer in the Company.

Interest Income
Interest income fluctuated with the amount of interest earning assets held and the interest rate earned thereon.

Net Loss
Net loss varies based on normal corporate expenditures and certain periodic expenses, such as share-based compensation. Share-based compensation varies with the timing of vesting of option grants.

Working Capital
Working Capital for many quarters presented above decreased due to exploration and administrative costs, and increased when assets were sold, or when debt settlements occurred.

***Selected Annual Information***

| | 2021<br>Canadian $ | 2020<br>Canadian $ | 2019<br>Canadian $ |
|---|---|---|---|
| Interest income | - | 117 | 261 |
| Share Based Payments | - | - | 5,696 |
| Exploration and evaluation expenditures | - | 2,740 | 46,774 |
| Comprehensive income (loss) for the year | (184,369) | 23,576 | (81,568) |
| Income (loss) per share, basic and fully diluted | (0.11) | 0.01 | (0.11) |
| Total assets | 162,620 | 34,414 | 48,738 |
| Total non-current liabilities | 18,458 | 20,773 | 89,788 |
| Working capital | (114,369) | (247,380) | (272,653) |

***Capital Expenditures***

During the year ended March 31, 2021, the Company incurred net capital expenditures of $nil (2020 - $nil).

***Financing Activities***

During the year ended March 31, 2021 the Company:

- received from the former CEO of the Company an advanced $23,542 to the Company for expenses related to the 2020 audit and filing fees. Interest of $2,354 was accrued with respect to this debt which was repaid in full during the year;
- completed a private placement to raise $250,000 through the issuance of up to 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, totalling $67,380, issuing 134,762 common shares were at $0.50 per common share.

During the year ended March 31, 2020, the Company:

- announced that the proposed reverse takeover by Bocana had been terminated. As a result of a mutually agreed settlement, the loan received from Bocana had been forgiven. Accordingly, during the year ended March 31, 2020, the Company recorded a gain of $88,198 (2021 - $nil) as a result of the settlement of the Bocana loan;
- entered into a loan agreement with a shareholder, and received a loan of $60,000, and bearing interest at a rate of 10% per annuum, repayable on October 29, 2020. The loan is 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 bonus shares to the lender at a fair value of $nil.

***Liquidity and Capital Resources***

The Company's aggregate operating, investing and financing activities for the year ended March 31, 2021 resulted in a cash increase of $136,919 (2020 - decrease of $12,544). As at March 31, 2021, the Company's cash balance was $140,580 (2020 - $3,661) and the Company had a working capital deficit of $114,369 (2020 - $247,380).

The Company has not yet put into commercial production any of its mineral properties and as such has no operating revenues. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

The Company will continue to require funds to meet its obligations and as a result, will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. The Company continues to review its mineral property holdings on an annual basis. The Company does not have any other commitments for material capital expenditures either in the near or long term over normal operating requirements and none are presently contemplated other than as disclosed above.

***Transactions with Related Parties***

**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. Share-based payments were incurred for both key management and directors. No directors' fees were paid during the applicable years.

The following key management compensation was incurred:

| | Year ended March 31, | |
|---|---|---|
| | **2021** | **2020** |
| Management fees and salaries | $ 116,250 | $ 150,000 |
| | **$ 116,250** | **$ 150,000** |

Management fees and are payable in Canadian dollars. The fees were accrued as payable to Bruce Duncan, the CEO of the Company and later to his estate, and to a company controlled by Charles Jenkins, the CFO of the Company. Unpaid and accrued management fees as of March 31, 2021 were $161,250 (2020 - $95,000) and are included in accounts payable and accrued liabilities. During the period, the late CEO of the Company advanced $23,542 to the Company for expenses. Interest of $2,354 was accrued with respect to this debt. The loan and interest were repaid during the year.

***Off Balance Sheet Arrangements***

To the best of management's knowledge, there are no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

***Critical Accounting Estimates and Changes in Accounting Polices***

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 estimates and assumptions of the Company are set out in Note 4 to the Financial Statements for the year ended March 31, 2021, which are incorporated herein by reference. The reader is referred to the Financial Statements for a detailed discussion of the accounting policies.

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.

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.

***Future Accounting Changes***

The Company did not adopt any new or amended standards for the year beginning April 1, 2020.

***Financial Instruments***

The Company is exposed to risks that arise from its use of financial instruments.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

***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 to 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 US dollar to the Canadian dollar would affect the reported loss and comprehensive loss by approximately $725 (2020 - $817) as detailed below:

| United States Dollar Denominated Balances | March 31,2021 | March 31, 2020 |
|---|---|---|
| Accounts payable | $ (5,756) | $ (5,756) |
| **10% change in exchange rate impact** | **$ (725)** | **$ (817)** |

***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, 2021 and March 31, 2020 relating to cash of $140,580 and $3,661, 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, 2021 | $ 258,531 | $ - | $ - | $ - | $ 258,531 |
| March 31, 2020 | $ 198,473 | $ 62,548 | $ - | $ - | $ 261,021 |

***Outstanding Share Data***

As of March 31, 2021, and the Report Date, the following table summarizes the outstanding share capital of the Company:

| | March 31, 2021 | Report Date |
|---|---|---|
| Common Shares | 2,257,000 | 2,257,000 |
| Stock Options | 112,400 | 99,000 |
| Warrants | 600,000 | 600,000 |
| Total, Fully Diluted | **2,969,400** | **2,956,000** |

During the year ended March 31, 2021, the Company completed a private placement to raise $250,000 through the issuance of up to 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, issuing 134,762 common shares were at $0.50 per common share.

On July 23, 2021, the Company consolidated its common shares on the basis of ten pre-consolidated common shares for one post-consolidation common shares 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 restated to reflect the one-for-ten share consolidation.

***Risks and Uncertainties***

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include: the Company may not be able to find and develop reserves economically, the Company cannot guarantee title to its properties, the Company may have difficulty in marketing production and services, the Company must manage changing governmental law and regulations, the Company may have difficulty in hiring and retaining skilled employees and contractors, there are significant risks and hazards related to mining that are beyond the Company's control, there is no assurance that the Company will acquire additional mineral properties and any acquisitions may expose the Company to new risks, and the mining industry is intensely competitive for the acquisition of new properties, access to capital and hiring of skilled personnel. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations.

Financial risks include commodity prices, interest rates and fluctuating foreign exchange rates, all of which are beyond the Company's control. Additional financial risks are the Company's ability to raise capital to continue funding its operations.

Regulatory risks include the possible delays in getting regulatory approval to, and permits for, the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

***Events after the reporting period***

The Company has evaluated its activities subsequent to March 31, 2021 and has determined that there were no material events to be reported.

**Management Discussion and Analysis**
**of**
**Financial Position**
**and**
**Results of Operations**
**for the**
**Nine-month period ended December 31, 2021**

This report is dated May 11, 2022
(The "Report Date")

Suite 2250, 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9
Email: info@evolvinggold.com Web: www.evolvinggold.com
CSX: EVG / OTCBB: EVOGF / FSE: EV71

**Evolving Gold Corp.**
**Management Discussion and Analysis**
**For the nine-month period ended December 31, 2021**

***Introduction***

The following information should be read in conjunction with the unaudited condensed consolidated interim financial statements of Evolving Gold Corp. ("Evolving" or the "Company") for the nine-month period ended December 31, 2021 and the consolidated financial statements for the year ended March 31, 2021.

The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion includes the results of the Company's wholly owned subsidiaries:

- Evolving Gold Corp. (Nevada, USA)
- Rattlesnake Mining Corp. (Canada), and
- Rattlesnake Mining (Wyoming) Company (Wyoming, USA)

Note 3 of the consolidated financial statements at March 31, 2021 describes all of the Company's significant accounting policies. During the year ended March 31, 2021 and the period ended December 31, 2021, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged.

***All amounts presented in this document are stated in Canadian dollars, the functional and reporting currency of the Company, except where otherwise noted.***

***Cautionary Note Regarding Forward Looking Statements***

This Management Discussion and Analysis ("MD&A") is intended to supplement and complement the unaudited condensed consolidated interim financial statements of the Company for the nine-month period ended December 31, 2021 and the consolidated financial statements for the year ended March 31, 2021, and the notes thereto (collectively the "Financial Statements"). Readers are encouraged to review these Financial Statements in conjunction with a review of this Management Discussion and Analysis. Certain notes to the Financial Statements are specifically referred to in this Management Discussion and Analysis and such notes are incorporated by reference herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. These forward-looking statements are based on, but not limited to, material assumptions including: title to the Company's exploration properties; the level and suitability of exploration expenditures relating to those properties, including decisions regarding the impairment of mineral property expenditures; rehabilitation requirements; commodity prices; access to funding and capital markets conditions generally; various accounting estimations related to income taxes, share based payments and the valuation of available for sale securities; a sufficiently stable and healthy global economic environment; and other expectations, intentions and plans contained in this MD&A that are not historical fact.

When used in this MD&A, the words "plan," "expect," "believe," and similar expressions generally identify forward looking statements. These statements reflect current expectations. They are subject to a number of risks and uncertainties, including those factors disclosed under Risks and Uncertainties below. In light of the many risks and uncertainties, readers should understand that the Company cannot offer assurance that the forward-looking statements contained in this analysis will be realized.

**Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.**

Additional information relating to the Company may be found on SEDAR at www.sedar.com or at the company's website at www.evolvinggold.com.

***Corporate Overview***

The Company became a reporting issuer in the Provinces of Alberta, British Columbia and Ontario on May 14, 2004. The Company has traded on various exchanges since inception, and currently trades on the Canadian Stock Exchange (CSX: EVG since July 25, 2014)

***Description of Business***

Evolving Gold Corp. ("Evolving" or the "Company") is a Canadian-based mining exploration company engaged in the acquisition, exploration and development of natural resource properties. The Company's focus was Canadian based mineral exploration properties, however the Company is currently evaluating its projects and seeking opportunities.

***Changes in Management, Directors, and Corporate Activities***

On July 23, 2021, the Company consolidated its common shares on the basis of ten pre-consolidated common shares for one post-consolidation common shares of the Company. The 22,569,994 pre-consolidation common shares issued and outstanding were adjusted to 2,257,000 post-consolidation common shares.

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 is an arms'-length resource exploration company, established under the laws of the Province of British Columbia. Elephant Capital holds the rights to acquire all of the outstanding share capital of Cibola Resources LLC., which itself controls 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 currently has 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.

In connection with completion of the Transaction, the Company intends to undertake a non-brokered private placement (the "Concurrent Financing") of no less than 6,000,000 subscription receipts (each, a "Receipt") at a price of $0.50 per Receipt to raise no less than $3,000,000. All proceeds from the Concurrent Financing will be held in escrow pending completion of the Transaction. Upon completion of the Transaction, each subscription receipt will automatically convert into one common share of the Company. All securities issued in connection with the Concurrent Financing, will be subject to a four-month-and-one-day statutory hold period.

The Company is currently actively working to complete the transaction. Completion of the Transaction remains subject to a number of conditions, including completion of the Concurrent Financing, receipt of any required regulatory and third-party consents, approval of the Canadian Securities Exchange, and the satisfaction of other customary closing conditions.

On February 22, 2022, the Company announced that the shareholders of the Company approval to 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 meeting also confirmed the election of Charles Jenkins, William Majcher and David Velisek as directors of the Company to hold office until closing of the Transaction, and subject to, and conditional upon, completion of the Transaction, the election of Adam Cegielski, Joel Shacker and Stephen Goodman (representatives of Elephant Capital) as directors of the Company. See the news release dated Februuary 22, 2021 and the Notice and Information Circular of the Company with respect to the AGM for complete details.

***Mineral Properties***

During the nine-month period ended December 31, 2021 and the year ended March 31, 2021, the Company did not incur any exploration expenditures. The Company retains certain Quebec properties and is reviewing its plans with respect to those claims, which expire in late 2021.

***Results of Operations***

The results for the nine-month period ended December 31, 2021 and 2020 are as follows:

| | Three-month Period ended December 31, | | Nine-month Period ended December 31, | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| Loss for the period | $(19,512) | $(34,268) | $(74,982) | $(133,365) |
| Comprehensive loss for the period | $(19,486) | $(33,909) | $(57,941) | $(132,942) |
| Basic and diluted loss per share | $(0.01) | $(0.02) | $(0.03) | $(0.08) |

The operating expenditures reflect the following:

- Accounting and audit charges of $nil (Year to date ("YTD"): $3,344) (2020 - $2,500 and $2,744 respectively) increased due to the corporate tax return filings for the previous year. Additional expenses are expected in Q4 as a result of the Transaction;
- Bank charges of $121 (YTD: $4043) (2020 - $109 and $355) are comparable.
- Interest of $1,884 (YTD: $7,188) was incurred in 2020 due to the shareholder loans. There were no comparable amounts in 2021 as the loans have been repaid;
- Legal expense of $79 (YTD: $5,349) (2020 - $nil and $970) was incur due to corporate activities and filings with regulatory bodies during the period. Additional expenses are expected in Q4 2022;
- Management fees of $15,000 (YTD: $45,000) (2020 - $26,250 and $101,250) were reduced due to the CFO of the Company acting in the capacity of the CEO without additional compensation;
- Office expense of $371 (YTD: $1,392) (2020 - $414 and $8,540) was nominal due to cost controls implemented; and
- Transfer agent and filing fees of $3,941 (YTD: $19,493) (2020 - $3,111 and $12,318) reflect the ongoing costs to maintain listings, transfer services and the timing of corporate activities as well as corporate restructuring expenses.

Non-operating items affecting the loss for the period include:

- Foreign exchange was a gain of $26 (YTD: loss of $62) compared to a gain in 2020 of $359 (2020 YTD: a gain of $423) due to the variations in the value of the Canadian dollar relative to the US dollar during the periods; and
- A write down of debt of $17,103 was recognized during the period (2020 - $nil) as certain accounts payable were no longer applicable, principally as one major supplier had ceased business.

***Summary of Quarterly Results (Unaudited)***

The following is a summary of the results from the eight previously completed financial quarters:

| | Fiscal 2022 | | Fiscal 2021 | |
|---|---|---|---|---|
| | **Q3 December 31, 2021** | **Q2 September 30, 2021** | **Q1 June 30, 2021** | **Q4 March 31, 2021** |
| Comprehensive loss | (19,486) | (19,118) | (19,337) | (51,427) |
| Loss per share | (0.01) | (0.01) | (0.01) | - |
| Total assets | 44,904 | 73,128 | 124,217 | 162,620 |
| Working capital deficit | (172,310) | (152,824) | (133,706) | (114,369) |

| | Fiscal 2021 | | | Fiscal 2020 |
|---|---|---|---|---|
| | **Q3 December 31, 2020** | **Q2 September 30, 2020** | **Q1 June 30, 2020** | **Q4 March 31, 2020** |
| Comprehensive income (loss) | (33,909) | (53,284) | (45,749) | (35,407) |
| Loss per share | - | - | - | - |
| Total assets | 21,142 | 21,818 | 26,352 | 34,414 |
| Working capital deficit | (380,322) | (346,413) | (293,129) | (247,380) |

Net Loss
Net loss varies based on normal corporate expenditures and certain periodic expenses, such as share-based compensation. Share-based compensation varies with the timing of vesting of option grants.

Working Capital
Working Capital for many quarters presented above decreased due to exploration and administrative costs, and increased when assets were sold, or when debt settlements occurred.

***Selected Annual Information***

| | **2021 Canadian $** | **2020 Canadian $** | **2019 Canadian $** |
|---|---|---|---|
| Interest income | - | 117 | 261 |
| Share Based Payments | - | - | 5,696 |
| Exploration and evaluation expenditures | - | 2,740 | 46,774 |
| Comprehensive income (loss) for the year | (184,369) | 23,576 | (81,568) |
| Income (loss) per share, basic and fully diluted | (0.11) | 0.01 | (0.11) |
| Total assets | 162,620 | 34,414 | 48,738 |
| Total non-current liabilities | 18,458 | 20,773 | 89,788 |
| Working capital | (114,369) | (247,380) | (272,653) |

***Capital Expenditures***

During the nine-month period ended December 31, 2021, the Company incurred net capital expenditures of $nil (2021 - $nil).

***Financing Activities***

There were no financing activities during the nine-month period ended December 31, 2021. See Corporate activities above for certain proposed transactions.

During the year ended March 31, 2021, the Company:

- received from the former CEO of the Company an advanced $23,542 to the Company for expenses related to the 2020 audit and filing fees. Interest of $2,354 was accrued with respect to this debt which was repaid in full during the year;
- completed a private placement to raise $250,000 through the issuance of up to 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, totalling $67,380, issuing 134,762 common shares were at $0.50 per common share.

***Liquidity and Capital Resources***

The Company's aggregate operating, investing and financing activities for the nine-month period ended December 31, 2021 resulted in a cash decrease of $122,603 (2020 - decrease of $2,651). As at December 31, 2021, the Company's cash balance was $17,977 (March 31, 2021 - $140,580) and the Company had a working capital deficit of $172,310 (March 31, 2021- $114,369).

The Company has not yet put into commercial production any of its mineral properties and as such has no operating revenues. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

The Company will continue to require funds to meet its obligations and as a result, will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. The Company continues to review its mineral property holdings on an annual basis. The Company does not have any other commitments for material capital expenditures either in the near or long term over normal operating requirements and none are presently contemplated other than as disclosed above.

***Transactions with Related Parties***

**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:

| | Three-months ended December 31, | | Nine-months ended December 31, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Management fees and salaries | $ 15,000 | $ 26,250 | $ 45,000 | $ 101,250 |
| | **$ 15,000** | **$ 26,250** | **$ 45,000** | **$ 101,250** |

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 CFO of the Company. Unpaid and accrued management fees as of December 31, 2021, were $151,250 (March 31, 2021 - $161,250) and are included in accounts payable and accrued liabilities.

***Off Balance Sheet Arrangements***

To the best of management's knowledge, there are no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

***Critical Accounting Estimates and Changes in Accounting Polices***

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 estimates and assumptions of the Company are set out in Note 4 to the Financial Statements for the year ended March 31, 2021, which are incorporated herein by reference. The reader is referred to the Financial Statements for a detailed discussion of the accounting policies.

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.

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.

***Future Accounting Changes***

The Company did not adopt any new or amended standards for the year beginning April 1, 2021.

***Financial Instruments***

The Company is exposed to risks that arise from its use of financial instruments.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

***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 to 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 $731 (March 31, 2021 - $725) as detailed below:

| United States Dollar Denominated Balances | December 31,2021 | March 31, 2021 |
|---|---|---|
| Accounts payable | $ (5,756) | $ (5,756) |
| **10% change in exchange rate impact** | **$ (731)** | **$ (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 December 31, 2021 and March 31, 2021 relating to cash of $17,977 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 |
|---|---|---|---|---|---|
| December 31, 2021 | $ 198,600 | $ - | $ - | $ - | $ 198,600 |
| March 31, 2021 | $ 258,531 | $ - | $ - | $ - | $ 258,531 |

***Outstanding Share Data***

As of December 31, 2021, and the Report Date, the following table summarizes the outstanding share capital of the Company:

| | **December 31, 2021** | **Report Date** |
|---|---|---|
| Common Shares | 2,257,000 | 2,257,000 |
| Stock Options | - | - |
| Warrants | 500,000 | 500,000 |
| Total, Fully Diluted | **2,757,000** | **2,757,000** |

On July 23, 2021, the Company consolidated its common shares on the basis of ten pre-consolidated common shares for one post-consolidation common shares 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 restated to reflect the one-for-ten share consolidation.

***Risks and Uncertainties***

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include: the Company may not be able to find and develop reserves economically, the Company cannot guarantee title to its properties, the Company may have difficulty in marketing production and services, the Company must manage changing governmental law and regulations, the Company may have difficulty in hiring and retaining skilled employees and contractors, there are significant risks and hazards related to mining that are beyond the Company's control, there is no assurance that the Company will acquire additional mineral properties and any acquisitions may expose the Company to new risks, and the mining industry is intensely competitive for the acquisition of new properties, access to capital and hiring of skilled personnel. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations.

Financial risks include commodity prices, interest rates and fluctuating foreign exchange rates, all of which are beyond the Company's control. Additional financial risks are the Company's ability to raise capital to continue funding its operations.

Regulatory risks include the possible delays in getting regulatory approval to, and permits for, the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

***Events after the reporting period***

The Company has evaluated its activities subsequent to December 31, 2021 and has determined that there were no material events to be reported, except as noted above.

**Schedule "C"**
**Elephant Financial Statements**

(see attached)

# ELEPHANT CAPITAL CORP.

## FINANCIAL STATEMENTS

For the period ended December 31, 2021

(Expressed in Canadian Dollars)

**Crowe MacKay LLP**
1100 - 1177 West Hastings Street
Vancouver, BC V6E 4T5
Main +1 (604) 687-4511
Fax +1 (604) 687-5805
www.crowemackay.ca

# Independent Auditor's Report

To the Directors of Elephant Capital Corp

## Opinion

We have audited the financial statements of Elephant Capital Corp ("the Company"), which comprise the statement of financial position as at December 31, 2021 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the period 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty 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.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

**"Crowe MacKay LLP"**

**Chartered Professional Accountants**
**Vancouver, Canada**
**March 31, 2022**

**ELEPHANT CAPITAL CORP.**
STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian dollars)

| | Note | December 31, 2021 $ |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash | | 1,705,730 |
| Amounts receivable | | 5,803 |
| | | 1,711,533 |
| Non-current assets | | |
| Prepaid expenses and deposits | 5 | 331,085 |
| Total assets | | 2,042,618 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 7 | 181,592 |
| Total current liabilities | | 181,592 |
| Shareholders' equity | | |
| Share capital | 6 | 2,165,001 |
| Deficit | | (303,975) |
| Total shareholders' equity | | 1,861,026 |
| Total liabilities and shareholders' equity | | 2,042,618 |

Nature of operations and continuance of business (Note 1)

Approved and authorised for issuance on behalf of the Board on March 31, 2022:

*"Luke Montaine"*
Luke Montaine, Director

*"Joel Shacker"*
Joel Shacker, Director

(The accompanying notes are an integral part of these financial statements)

**ELEPHANT CAPITAL CORP.**
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

| | | Period from incorporation (June 14, 2021) to December 31, 2021 $ |
|---|---|---|
| **Expenses** | | |
| Advertising and promotion | | 25,000 |
| Consulting fees | 7 | 70,001 |
| Exploration expenditures | | 139,035 |
| General and administrative | | 1,961 |
| Professional fees | | 31,338 |
| Travel expenses | | 36,640 |
| Total expenses | | (303,975) |
| **Net and comprehensive loss** | | (303,975) |
| Loss per share, basic and diluted | | (0.02) |
| Weighted average number of shares outstanding | | 17,406,170 |

(The accompanying notes are an integral part of these financial statements)

**ELEPHANT CAPITAL CORP.**
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Period from incorporation (June 14, 2021) to December 31, 2021
(Expressed in Canadian dollars)

| | Share capital | | | |
|---|---|---|---|---|
| | Number of shares | Amount $ | Deficit $ | Total shareholders' equity $ |
| **Balance, June 14, 2021** | **1** | **1** | **-** | **1** |
| Private Placement, net of share issue costs (Note 6) | 43,733,000 | 2,165,000 | | 2,165,000 |
| Net loss for the period | – | – | (303,975) | (303,975) |
| **Balance, December 31, 2021** | **43,733,001** | **2,165,001** | **(303,975)** | **1,861,026** |

(The accompanying notes are an integral part of these financial statements)

**ELEPHANT CAPITAL CORP.**
STATEMENT OF CASH FLOWS
(Expressed in Canadian dollars)

| | Period from incorporation (June 14, 2021) to December 31, 2021 $ |
|---|---|
| **OPERATING ACTIVITIES** | |
| Net loss for the period | (303,975) |
| Changes in non-cash working capital: | |
| Amounts receivable | (5,803) |
| Accounts payable and accrued liabilities | 181,592 |
| Net cash provided by (used in) operating activities | (128,186) |
| **INVESTING ACTIVITY** | |
| Prepayment for proposed transaction | (331,085) |
| Net cash provided by (used in) investing activity | (331,085) |
| **FINANCING ACTIVITY** | |
| Shares issued for cash | 2,165,001 |
| Net cash provided by (used in) financing activity | 2,165,001 |
| Change in cash | 1,705,730 |
| Cash, beginning of period | – |
| **Cash, end of period** | 1,705,730 |
| **Supplemental Disclosure of Cash Flow Information** | |
| Cash paid for interest | – |
| Cash paid for income taxes | – |

(The accompanying notes are an integral part of these financial statements)

## 1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Elephant Capital Corp. (the "Company") was incorporated on June 14, 2021 in the Province of British Columbia. The Company's business is to acquire, explore, and develop interests in mining projects. The Company's head office is located at 800 – 1199 West Hastings Street, Vancouver, BC, V6E 3T5. The Company's registered and records office address is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

In June 2021, the Company signed a letter of intent ("LOI") with Encore Energy Corp. ("Encore") to acquire an 100% interest in its subsidiary, Cibola Resources LLC ("Cibola") to attain the rights to a lease of a mineral property comprising of approximately 6,700 acres of mineral rights and 5,700 acres of surface rights located in west-central New Mexico, commonly referred to as the "Ceboletta Uranium Project".

In August 2021, the Company entered into a share purchase agreement (the "SPA") effective August 27, 2021, with Encore to acquire an 100% interest in Cibola Resources LLC to attain rights to the Ceboletta Uranium Project. In consideration for the Cibola shares, the Company has agreed to pay and issue to Encore:

a) US $250,000 cash, and
b) Common shares of the Company representing twenty percent (20%) of the outstanding share capital of the Company immediately prior to the completion of a Going Public Transaction to list on a qualifying exchange.

For additional information regarding the proposed transaction, see Note 5.

These 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 its assets and discharge its liabilities in the ordinary course of operations. The Company's ability to meet its obligations and maintain its current operations through the ensuing twelve-month period and thereafter is contingent upon successful completion of additional financing arrangements and ultimately upon generating profitable operations.

During the period ended December 31, 2021, the Company had no revenues, incurred a net and comprehensive loss of $303,975, and had negative cash flows from operations of $128,186. As at December 31, 2021, the Company had an accumulated deficit of $303,975. The Company's future capital requirements will depend on many factors, including operating costs, the current capital market environment, and global market conditions. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, and generate profitable operations in the future.

The Company has no assurance that it will be successful in its efforts. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and the impact of these adjustments could be material. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations.

The COVID-19 pandemic has caused significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. Consequently, the Company has limited access to capital and financing which is the primary source of cash for the Company. While the extent of the effects of the COVID-19 pandemic on the Company's operations has not been significant, the Company continues to monitor and assess the impact of the COVID-19 will have on its future business activities and the future impact could have a material effect on the Company's planned business and operations.

## 2. BASIS OF PRESENTATION

a) Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors on March 31, 2022.

b) Basis of measurement

The financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, as explained in the significant accounting policies outlined in Note 3. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is the functional currency of the Company.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout by the Company for the purposes of these financial statements:

**a) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

**b) Impairment of non-financial assets**

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at every reporting period. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable and at least annually. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive income/loss.

**c) Financial instruments**

All financial assets not classified at amortized cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss ("FVTPL"). On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### c) Financial instruments (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and financial liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost less any impairment using the effective interest method. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in net income (loss) for the period and transaction costs are expensed in the statement of loss and comprehensive loss.

The Company's financial instruments are classified as follows:

| Financial Assets / Liabilities | Classification and Measurement |
|---|---|
| Cash | FVTPL |
| Accounts payable and accrued liabilities | Amortized cost |

*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.

### d) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### d) Income taxes (continued)

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### e) 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, stock options, share purchase warrants and flow-through 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.

*Valuation of equity units issued in private placements*

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to contributed surplus. The fair value of the common shares will be based on the closing quoted bid price on the announcement date once the Company successfully lists on a qualifying exchange. Consideration received for the exercise of warrants is recorded in share capital and the related residual value in contributed surplus is transferred to share capital. For those warrants that expired, the recorded value is transferred to deficit.

### f) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

### g) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black- Scholes option pricing model.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### g) Share-based payments (continued)

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in share-based payments reserve is transferred to share capital.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where a grant of options is cancelled and 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. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The amounts recorded in reserves for unexercised share options are transferred from share-based payments reserve to deficit upon their expiry or cancellation.

### h) Exploration and evaluation assets

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the year in which they are incurred. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment used during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Mineral property acquisition costs and exploration and evaluation expenditures are recorded at cost. When shares are issued as part of mineral property acquisition costs, they are valued at the closing share price on the date of issuance unless the fair value of goods or services received is determinable.

Once technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

### i) New accounting pronouncements

Certain new standards, interpretations, and amendments to existing standards have been issued by the IASB or IFRC that are mandatory for accounting years beginning after January 1, 2022, or later years. New accounting pronouncements that are not applicable or are not consequential to the Company have been excluded in the preparation of these financial statements.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### i) New accounting pronouncements (continued)

The following accounting standards and amendments are effective for future periods:

i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1):
The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

A number of new standards, and amendments to standards and interpretations, are not effective for the period ended December 31, 2021 and have not been early adopted in preparing these financial statements. These new and amended standards are not expected to have a material impact on the Company's financial statements.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Significant accounting judgments, estimates and assumptions

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

*Significant accounting judgments*

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

## 5. PROPOSED TRANSACTION

In June 2021, the Company signed a letter of intent ("LOI") with Encore Energy Corp. ("Encore") to acquire an 100% interest in its subsidiary, Cibola Resources LLC ("Cibola") to attain the rights to a lease of a mineral property comprising of approximately 6,700 acres of mineral rights and 5,700 acres of surface rights located in west-central New Mexico, commonly referred to as the "Ceboletta Uranium Project".

In August 2021, the Company entered into a share purchase agreement (the "SPA") effective August 27, 2021, with Encore and its wholly-owned subsidiary, Neutron Energy, Inc. (the "Vendor") to acquire an 100% interest in Cibola Resources LLC to attain rights to the Ceboletta Uranium Project. In consideration for the Cibola shares, the Company has agreed to pay and issue to the Vendor:

a) US $250,000 cash; and

b) Common shares of the Company representing twenty percent (20%) of the outstanding share capital of the Company immediately prior to the completion of a Going Public Transaction to list on a qualifying exchange.

The closing of the transaction is subject to the Company completing a transaction involving the acquisition of all of the outstanding share capital of the Company by an entity already listed on a qualifying stock exchange (the "Going Public Transaction").

In October 2021, the Company paid $311,085 (US $250,000) to Encore for consideration owed pursuant to the SPA and recognized this amount on the balance sheet.

## 5. PROPOSED TRANSACTION (continued)

On October 26, 2021, the Company signed a letter of intent ("LOI") with Evolving Gold Corp. ("Evolving Gold") whereby Evolving Gold will acquire all of the outstanding share capital of the Company (the "Reverse Takeover" or "RTO"), which will constitute the Going Public Transaction of the Company. Pursuant to the RTO, Evolving Gold will issue common shares on a 1:1 basis for every outstanding common share of the Company.

In consideration for the RTO, it is anticipated that Evolving Gold will issue approximately 56,541,251 Evolving Gold common shares to complete the acquisition of the Company, following the issuance of common share consideration to Encore and finders for introducing the SPA to the Company.

In connection with the completion of the RTO, Evolving Gold will undertake a non-brokered private placement of no less than 6,000,000 subscription receipts at a price of $0.50 per receipt to raise no less than $3,000,000.

## 6. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued

During the period ended December 31, 2021

On October 13, 2021, the Company completed a non-brokered private placement for the issuance of 43,300,000 common shares at a price of $0.05 per share for gross proceeds of $2,165,000. In connection with the private placement, the Company issued 433,000 common shares as administrative fees to a third party who assisted with facilitating the transaction.

On June 14, 2021, the Company issued 1 common share valued at $1 upon incorporation.

## 7. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of directors (executive and non-executive) and officers of the Company.

These amounts of key management compensation are included in the amounts shown on the statement of loss and comprehensive loss:

| | **Period ended December 31, 2021 $** |
|---|---|
| Management | |
| Consulting fees | 60,001 |
| | **60,001** |

As at December 31, 2021, the company has outstanding amounts payable to officers and directors of the Company of $62,501 for outstanding fees and expenses. The amounts due to related parties are for amounts due to directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

## 8. CAPITAL MANAGEMENT

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its mineral properties; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash. The Company is not subject to any externally imposed capital requirements.

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The fair value of financial instruments, which include cash and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit risk

The Company is exposed to credit concentration risk through its cash holdings. The risk is minimized by holding cash with a high-credit quality Canadian financial institution.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any significant interest rate risk as it does not have any liabilities with variable rates.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. As at December 31, 2021, the Company manages this risk by monitoring its working capital to ensure its expenditures will not exceed available resources. As of December 31, 2021, the Company had a cash of $1,705,730 and a working capital of $1,529,941. The Company has outstanding accounts payable and accrued liabilities of $181,592 which fall due for payment within twelve months of the statement of financial position date.

## 10. DEFERRED INCOME TAXES

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

| | | Period from incorporation (June 14, 2021) to December 31, 2021 |
|---|---|---|
| Income (loss) before income taxes | $ | (303,975) |
| Statutory income tax rate | | 27% |
| Income tax benefit computed at statutory tax rate | | (82,000) |
| Unrecognized benefit of deferred income tax assets | | 82,000 |
| Income tax expense (recovery) | $ | - |

The Company has non-capital losses of $304,000 available for carry-forward to reduce future years' income for income tax purposes. If not utilized, the non-capital loss carry-forward will expire in 2041.

**Schedule "D"**
**Elephant MD&A**

(see attached)

# ELEPHANT CAPITAL CORP.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the period ended December 31, 2021

(Expressed in Canadian Dollars)

800 – 1199 West Hastings Street

Vancouver, BC, Canada V6E 3T5

## OVERVIEW

The following management discussion and analysis (“MD&A") of the financial position of Elephant Capital Corp. (“ECC” or the “Company”) and results of operations should be read in conjunction with the audited financial statements (the “Financial Statements”) for the period ended December 31, 2021.

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and Interpretations issued by the International Financing Reporting Interpretations Committee (“IFRIC”).

The financial statements together with the following management discussion and analysis are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance.

Unless otherwise indicated, all amounts discussed herein are denominated in Canadian dollars ($), which is the functional and reporting currency of the Company. Additional information related to the Company is available on request from the Company’s head office located at: 800 – 1199 West Hastings Street, Vancouver, BC, V6E 3T5.

The Company’s board of directors approved the release of this MD&A on March 31, 2022.

## FORWARD-LOOKING STATEMENTS

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and represent management's best judgment based on facts and assumptions that management considers reasonable, including that the demand for mineral deposits develops as anticipated, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labor disturbances, interruption in transportation or utilities, or adverse weather conditions, and that there are no material unanticipated variations in the cost of energies or supplies. The Company makes no representation that reasonable businesspeople in possession of the same information would reach the same conclusions.

This MD&A may include certain “forward-looking statements” within the meaning of applicable Canadian securities legislation. All statements other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive, strengths, goals, expansion and growth of the Company’s businesses, operations, plans and other such matters are forward looking statements. When used in this MD&A, the words “estimate”, “plan”, "anticipate", “expect”, “intend”, "believe" and similar expressions are intended to identify forward-looking statements.

These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks related to the unavailability of capital and financing on acceptable terms, unfavorable market conditions, inherent risks involved in the exploration and development of mineral properties, uncertainties concerning reserve and resource estimates, results of exploration, inability to obtain required regulatory approvals, unanticipated difficulties or costs in any rehabilitation which may be necessary, market conditions and general business, economic, competitive, political and social conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Additional factors are discussed in the section titled “Risks”.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as required by applicable securities laws, the Company does not intend, and does not assume any obligation, to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements.

## NATURE OF BUSINESS

Elephant Capital Corp. (the “Company”) was incorporated on June 14, 2021 in the Province of British Columbia. The Company’s business is to acquire, explore, and develop interests in mining projects.

The 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 its assets and discharge its liabilities in the ordinary course of operations. The Company’s ability to meet its obligations and maintain its current operations through the ensuing twelve-month period and thereafter is contingent upon successful completion of additional financing arrangements and ultimately upon generating profitable operations.

The COVID-19 pandemic has caused significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. Consequently, the Company has limited access to capital and financing which is the primary source of cash for the Company. While the extent of the effects of the COVID-19 pandemic on the Company’s operations has not been significant, the Company continues to monitor and assess the impact of the COVID-19 will have on its future business activities and the future impact could have a material effect on the Company’s planned business and operations.

## PROPOSED TRANSACTION

In June 2021, the Company signed a letter of intent ("LOI") with Encore Energy Corp. ("Encore") to acquire an 100% interest in its subsidiary, Cibola Resources LLC ("Cibola") to attain the rights to a lease of a mineral property comprising of approximately 6,700 acres of mineral rights and 5,700 acres of surface rights located in west-central New Mexico, commonly referred to as the "Ceboletta Uranium Project".

In August 2021, the Company entered into a share purchase agreement (the "SPA") effective August 27, 2021, with Encore and its wholly-owned subsidiary, Neutron Energy, Inc. (the "Vendor") to acquire an 100% interest in Cibola Resources LLC to attain rights to the Ceboletta Uranium Project. In consideration for the Cibola shares, the Company has agreed to pay and issue to the Vendor:

a) US $250,000 cash; and

b) Common shares of the Company representing twenty percent (20%) of the outstanding share capital of the Company immediately prior to the completion of a Going Public Transaction to list on a qualifying exchange.

The closing of the transaction is subject to the Company completing a transaction involving the acquisition of all of the outstanding share capital of the Company by an entity already listed on a qualifying stock exchange (the "Going Public Transaction").

In October 2021, the Company paid $311,085 (US $250,000) to Encore for consideration owed pursuant to the SPA and recognized this amount on the balance sheet.

On October 26, 2021, the Company signed a letter of intent ("LOI") with Evolving Gold Corp. ("Evolving Gold") whereby Evolving Gold will acquire all of the outstanding share capital of the Company (the "Reverse Takeover" or "RTO"), which will constitute the Going Public Transaction of the Company. Pursuant to the RTO, Evolving Gold will issue common shares on a 1:1 basis for every outstanding common share of the Company.

In consideration for the RTO, it is anticipated that Evolving Gold will issue approximately 56,541,251 Evolving Gold common shares to complete the acquisition of the Company, following the issuance of common share consideration to Encore and finders for introducing the SPA to the Company.

In connection with the completion of the RTO, Evolving Gold will undertake a non-brokered private placement of no less than 6,000,000 subscription receipts at a price of $0.50 per receipt to raise no less than $3,000,000.

## SELECTED ANNUAL INFORMATION

The table below sets out certain selected financial information regarding the operations of the Company for the period indicated. The selected financial information has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements and related notes.

| | **2021** |
|---|---|
| | $ |
| **Operations:** | |
| Revenues | - |
| Operating income (expenses) | (303,975) |
| Net and comprehensive income (loss) | (303,975) |
| Basic and diluted income (loss) per share | (0.02) |
| | |
| Total assets | 2,042,618 |
| Total liabilities | 181,592 |
| Dividends per share | - |

The Company was incorporated on June 14, 2021 and December 31, 2021 was the Company's first fiscal year end. As at December 31, 2021, the Company had not yet achieved profitable operations and had an accumulated deficit of $303,975. The net and comprehensive loss of $303,975 for the period ended December 31, 2021 resulted in a basic and diluted net loss per share of $0.02 and is largely attributed to consulting fees of $70,001, exploration expenditures of $139,035, professional fees of $31,338, and travel expenses of $36,640.

The Company has not declared any dividends since its incorporation and does not anticipate paying cash dividends in the foreseeable future on its common shares and intends to retain any future earnings to finance internal growth, acquisitions, and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of the Company and will depend upon the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors of deems relevant.

## SELECTED QUARTERLY INFORMATION

A summary of results for the most recently completed quarters are as follows:

| For the quarter ended | Dec 31, 2021 $ | Sep 30, 2021* $ |
|---|---|---|
| Revenue | - | - |
| Net and comprehensive loss | (255,391) | (48,584) |
| Loss per share | (0.02) | (48,584) |

* Note that the first period ended September 30, 2021 is comprised of the period from incorporation (June 14, 2021) to September 30, 2021.

## RESULTS OF OPERATIONS

*For the period ended December 31, 2021:*

During the period ended December 31, 2021, the Company recorded a net and comprehensive loss of $303,975. Total expenses for the period amounted to $303,975. The Company's significant operating expenses are comprised of the following:

- Consulting fees of $70,001 relates to fees incurred with executive officers of the Company and consultants for services rendered.
- Exploration expenditures of $139,035 relates to exploration activity performed on the Cebolleta project to survey and study the property.
- Professional fees of $31,338 relates to audit accrual as well as fees paid for legal professional fees paid or accrued in relation to various corporate and legal matters and services rendered in connection with the process of entering share purchase agreements and the completion of a Going Public Transaction.
- Travel expenses of $36,640 relates to costs incurred for organizing and attending meetings for the structuring and execution of share purchase agreements for the acquisition of Cibola and acquisition of the Company by Evolving Gold Corp (see Subsequent Events).

*For the three months ended December 31, 2021:*

During the three months ended December 31, 2021, the Company recorded a net and comprehensive loss of $255,391. Total expenses for the period amounted to $255,391. The Company's significant operating expenses are comprised of the following:

- Consulting fees of $70,001 relates to fees incurred with executive officers of the Company and consultants for services rendered.
- Exploration expenditures of $139,035 relates to exploration activity performed on the Cebolleta project to survey and study the property.
- Professional fees of $13,279 relates to legal professional fees paid or accrued in relation to various corporate and legal matters and services rendered in connection with the process of entering share purchase agreements and the completion of a Going Public Transaction.
- Travel expenses of $6,500 relates to costs incurred for organizing and attending meetings for the structuring and execution of share purchase agreements for the acquisition of Cibola and acquisition of the Company by Evolving Gold Corp (see Subsequent Events).

## CAPITAL DISCLOSURE

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its mineral properties; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash. The Company is not subject to any externally imposed capital requirements.

## LIQUIDITY & CAPITAL RESOURCES

As at December 31, 2021, the Company had a working capital of $1,529,941, and cash of 1,705,730. The Company will require significant funds from either equity or debt financing to support operations and future exploration expenditures.

During the period ended December 31, 2021:

On October 13, 2021, the Company completed a non-brokered private placement for the issuance of 43,300,000 common shares at a price of $0.05 per share for gross proceeds of $2,165,000. In connection with the private placement, the Company issued 433,000 common shares as administrative fees to a third party who assisted with facilitating the transaction.

On June 14, 2021, the Company issued 1 common share valued at $1 upon incorporation.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## COMMITMENTS

The Company has no commitments as at December 31, 2021.

## TRANSACTIONS WITH RELATED PARTIES AND EXECUTIVE COMPENSATION

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of directors (executive and non-executive) and officers of the Company.

These amounts of key management compensation are included in the amounts shown on the statement of loss and comprehensive loss:

| | **Period ended December 31, 2021 $** |
|---|---|
| Management | |
| Consulting fees | 60,001 |
| | **60,001** |

As at December 31, 2021, the company has outstanding amounts payable to officers and directors of the Company of $62,501 for outstanding fees and expenses. The amounts due to related parties are for amounts due to directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

## FINANCIAL INSTRUMENTS

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Fair values

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 in Active Markets for Identical Assets*
Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Company recognizes cash in Level 1 of the fair value hierarchy.

*Level 2 - Significant Other Observable Inputs*
Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. There are no items in Level 2 of the fair value hierarchy.

*Level 3 - Significant Unobservable Inputs*
Unobservable (supported by little or no market activity) prices. There are no items in Level 3 of the fair value hierarchy.

The fair value of financial instruments, which includes cash and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

### Financial Instrument Risks

Credit risk

The Company is exposed to credit concentration risk through its cash holdings. The risk is minimized by holding cash with a high-credit quality Canadian financial institution.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any significant interest rate risk as it does not have any liabilities with variable rates.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. As at December 31, 2021, the Company manages this risk by monitoring its working capital to ensure its expenditures will not exceed available resources. As of December 31, 2021, the Company had a cash of $1,705,730 and a working capital of $1,529,941. The Company has outstanding accounts payable and accrued liabilities of $181,592 which fall due for payment within twelve months of the statement of financial position date.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

For a detailed summary of the Company's significant accounting policies, the readers are directed to Note 3 of the notes to the financial statements for the period ended December 31, 2021.

## RISKS

The Company's current operations do not generate any positive cash flow and it is not anticipated that any positive cash flow will be generated for some time. The Company has limited financial resources and the mining claims, which impose financial obligations on the Company. There can be no assurance that additional funding will be available to allow the Company to fulfill such obligations.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises. In December 2019, the 2019 novel coronavirus ("COVID-19") surfaced in Wuhan, China. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak and characterized it as a pandemic on March 31, 2020. The outbreak has spread throughout the world and there continue to be escalating cases of COVID-19 in Canada and the United States, causing companies and various international jurisdictions to impose restrictions, such as quarantines, closures, cancellations and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time. Such public health crises can result in volatility and disruptions in global supply chains, business operation and financial markets, as well as declining trade, market sentiment and reduced mobility of people, all of which could affect, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, labour shortages, travel and shipping disruption and shutdowns (including as a result of government regulation and prevention measures), decrease in sales, and delay, deferment or cancellation of potential partnerships and of the deployment of current and potential future extraction systems.

Annual losses are expected to continue until the Company has an interest in a mineral property that produces revenues. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company's accompanying financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

## DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current Directors and Officers of the Company are as follows:

Luke Montaine, Director, CEO
Joel Shacker, Director
Geoff Balderson, CFO

## OUTLOOK

The Company's primary focus for the foreseeable future will be on reviewing its financial position, raising funds to support exploration and operational activities, continuing exploration activities on its mineral properties and financing business ventures in the mineral resource industry.

## ADDITIONAL INFORMATION

Additional information related to the Company will be available by requesting further information from the Company's head office in Vancouver, BC, Canada.

Elephant Capital Corp.
800 – 1199 West Hastings Street
Vancouver, BC, V6E 3T5

The Company had the following securities issued and outstanding:

| | **December 31, 2021** | **March 31, 2022** |
|---|---|---|
| Common shares | 43,733,001 | 43,733,001 |
| Warrants | - | - |
| Stock options | - | - |
| Fully diluted shares | 43,733,001 | 43,733,001 |

**Schedule "E"**
**Cibola Financial Statements**

(see attached)

**Cibola Resources LLC**

**Financial Statements**

**For the nine months ended**

**September 30, 2021**

**(Expressed in Canadian Dollars)**

# INDEPENDENT AUDITOR'S REPORT

To the Directors of
Cibola Resources LLC

***Opinion***

We have audited the accompanying financial statements of Cibola Resources LLC (the "Company"), which comprise the statement of financial position as at September 30, 2021, and the statements of changes in member's equity (deficiency), loss and comprehensive loss, and cash flows for the nine month period ended September 30, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021, and its financial performance and its cash flows for the nine month period ended September 30, 2021 in accordance with International Financial Reporting Standards ("IFRS").

***Basis for Opinion***

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

***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 of the financial statements, which indicates that the Company has a working capital deficiency of $2,215,203 and member's deficiency of $78,415. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

***Other Matters***

The financial statements of Cibola Resources LLC for the year ended December 31, 2020 were unaudited.

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

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

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

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

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

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

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

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

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

March 22, 2022

## Cibola Resources LLC

**Statements of Financial Position**

**(Expressed in Canadian Dollars)**

**As at September 30, 2021 and December 31, 2020**

| | Note | **September 30, 2021 (audited) $** | December 31, 2020 (unaudited) $ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Mineral property interest | 3 | 2,136,788 | 1,950,948 |
| **Total assets** | | **2,136,788** | 1,950,948 |
| | | | |
| **Liabilities and member's deficiency** | | | |
| **Current liabilities** | | | |
| Accounts payable to member | 4 | 2,215,203 | 1,950,948 |
| **Total liabilities** | | **2,215,203** | 1,950,948 |
| | | | |
| **Member's deficiency** | 5 | (78,415) | - |
| **Total liabilities and member's deficiency** | | **2,136,788** | 1,950,948 |
| | | | |
| **Nature of operations and going concern** | 1 | | |
| **Event after the reporting period** | 8 | | |

**Approved on behalf of the Board of Directors on March 22, 2022:**

*"William Sheriff"* **Director** *"William Harris"* **Director**

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

## Cibola Resources LLC

**Statements of Changes in Member's Equity (Deficiency)**

**(Expressed in Canadian Dollars)**

**For the nine months ended September 30, 2021 and the year ended December 31, 2020**

| | Member's Equity (Deficiency) $ | Total $ |
|---|---|---|
| January 1, 2020 (unaudited) | 117,161 | 117,161 |
| Translation adjustment | 3,541 | 3,541 |
| Loss for the year | (120,702) | (120,702) |
| December 31, 2020 (unaudited) | - | - |
| | | |
| January 1, 2021 | - | - |
| Translation adjustment | (1,219) | (1,219) |
| Loss for the period | (77,196) | (77,196) |
| **September 30, 2021** | **(78,415)** | **(78,415)** |

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

## Cibola Resources LLC

**Statements of Loss and Comprehensive Loss**

**(Expressed in Canadian Dollars)**

**For the nine months ended September 30, 2021 and the year ended December 31, 2020**

| | Note | **September 30, 2021 (audited) $** | December 31, 2020 (unaudited) $ |
|---|---|---|---|
| **Operating expenses** | | | |
| Filing fees | | 1,653 | - |
| Professional fees | | 701 | - |
| **Loss from operating expenses** | | **(2,354)** | - |
| Mineral property exploration costs | 3 | (74,842) | (524,565) |
| Impairment of mineral property interest | 3 | - | (5,589,612) |
| Gain on forgiveness of accounts payable to member | 4 | - | 5,993,475 |
| **Loss for the period/year** | | **(77,196)** | (120,702) |
| Translation adjustment | | (1,219) | 3,541 |
| **Comprehensive loss for the period/year** | | **(78,415)** | (117,161) |

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

## Cibola Resources LLC

**Statements of Cash Flows**

**(Expressed in Canadian Dollars)**

**For the nine months ended September 30, 2021 and the year ended December 31, 2020**

| | Note | **September 30, 2021 (audited) $** | December 31, 2020 (unaudited) $ |
|---|---|---|---|
| **Operating activities** | | | |
| Loss for the period/year | | (77,196) | (120,702) |
| | | | |
| Adjustment for non-cash items: | | | |
| Foreign exchange | | (1,219) | 3,541 |
| Impairment of mineral property interest | | - | 5,589,612 |
| Gain on forgiveness of accounts payable to member | | - | (5,993,475) |
| | | | |
| Working capital adjustments: | | | |
| Accounts payable to member | | 78,415 | 521,024 |
| | | - | - |
| | | | |
| **Net change in cash** | | - | - |
| **Cash, beginning of period/year** | | - | - |
| **Cash, end of period/year** | | - | - |

There were no non-cash financing activities during the nine months ended September 30, 2021, and the year ended December 31, 2020.

During the nine months ended September 30, 2021, mineral property acquisition costs totalled $190,643 (year ended December 31, 2020 - $nil) and remain in accounts payable to member (Note 4).

During the nine months ended September 30, 2021, and the year ended December 31, 2020, the Company did not pay any amounts on behalf of interest or income taxes.

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

## 1. Nature of operations and going concern

Cibola Resources LLC (the "Company") was formed on April 6, 2007 as a limited liability company under the Delaware Limited Liability Company Act. The Company is a wholly-owned subsidiary of Neutron Energy, Inc. ("Neutron"), which in turn is a wholly-owned subsidiary of enCore Energy Corp. ("enCore"), a company whose common shares trade on the TSX Venture Exchange under the symbol "EU" and on the OTCQB Venture Market under the symbol "ENCUF".

The Company's head office is located at 101 N Shoreline, Suite 450 Corpus Christi, TX 78401. The Company is in the process of being acquired through a proposed transaction as discussed in Note 8.

The Company's principal business activity is the continued exploration and evaluation of its mineral property. The Company has been exploring its mineral property interest and has not yet determined whether it contains mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for its mineral property interest is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interest, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition or option of the mineral property interest. The carrying amount of the Company's mineral property is based on costs incurred to date and does not necessarily represent present or future values.

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As at September 30, 2021, the Company had a working capital deficiency of $2,215,203 (December 31, 2020 - $1,950,948) and member's deficiency of $78,415 (December 31, 2020 - $nil). The Company will continue to seek the funding necessary to enable it to carry on as a going concern, but management cannot provide assurance that the Company will be able to raise additional capital on a timely basis. If the Company is unable to raise additional funds in the immediate future, management expects that the Company may need to liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures or remain with ceased operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In March 2020, there was a global outbreak of COVID-19 which has had a significant impact on businesses through the restrictions put in place by local and federal governments regarding travel, business operations and isolation/quarantine orders. It is not possible for the Company to predict the duration or magnitude of the adverse results of these restrictions and orders on the Company's ability to raise capital or conduct exploration activities. There are travel restrictions and health and safety concerns in all areas in which the Company operates, including New Mexico, USA, that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary field supplies, obtaining contractor services and safeguarding all personnel during the outbreak, which may be prohibitive or too costly. To date, the restricted nature of the Company's activities has not qualified it for the various Government wage and loan subsidies.

## 2. Significant accounting policies

### Basis of presentation

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

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies set out below have been applied consistently by the Company.

**2. Significant accounting policies** (continued)

**Basis of presentation** (continued)

All amounts on the financial statements are presented in Canadian dollars, however, the functional currency of the Company is the United States dollar ("USD").

**Estimates and critical judgments by management**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities.

The areas which require management to make critical judgments include:

- *The assessment of indicators of impairment for mineral properties*

  The Company follows the guidance of IFRS 6 to determine when a mineral property asset is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the results of exploration and evaluation activities to date and the Company's future plans to explore and evaluate a mineral property.

- *Determination of functional currency*

  In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company is the United States dollar.

The areas which require management to make significant estimates and assumptions include:

- *The assessment of the recoverable amount of mineral properties as a result of impairment indicators:*

  When indicators of impairment are identified, recoverable amount calculations are based either on discounted estimated future cash flows or on comparable recent transactions. The assumptions used are based on management's best estimates of what an independent market participant would consider appropriate. Changes in these assumptions may alter the results of impairment testing, the amount of the impairment charges recorded in the statement of loss and comprehensive loss and the resulting carrying values of assets.

**Provision for environmental rehabilitation**

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates, using a pretax rate that reflects the time value of money, are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in a provision due to the passage of time is recognized as finance expense.

The Company has no known restoration, rehabilitation or environmental costs, of any significance, related to its mineral property interest.

**2. Significant accounting policies** (continued)

**Mineral properties**

Mineral rights acquisition costs are capitalized when incurred, and exploration costs are expensed as incurred. When management determines that a mineral right can be economically developed, the costs then incurred to develop such property will be capitalized.

If mineral properties are subsequently abandoned or impaired, any non-depleted costs will be charged to loss in that period.

**Impairment of financial and non-financial assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset 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 the value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects a current market assessment of the time value of money and the risks specific to the asset. If the recoverable amount of an asset 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 flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of 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 (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Income taxes**

The Company is treated as a limited liability company and, accordingly, taxable income and losses flow through to the Company's single member (Neutron).

**Foreign exchange**

The financial statements for the Company are prepared using its functional currency. Functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Company is the Canadian dollar, consistent with the presentation currency of the consolidated financial statements of enCore.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date.

The statement of financial position is translated into Canadian dollars using the exchange rate at the statement of financial position date and the statement of loss and comprehensive loss is translated into Canadian dollars using the average exchange rate for the period. All gains and losses on translation of the Company from the functional currency to the presentation currency are charged to other comprehensive income (loss) as a translation adjustment.

## 2. Significant accounting policies (continued)

### Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise.

### Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

### Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

## 3. Mineral property

Capitalized mineral property costs for the year ended December 31, 2020 were as follows:

| | January 1, 2020 $ | Acquisition $ | Impairment $ | December 31, 2020 $ |
|---|---|---|---|---|
| Ceboletta Project | 7,540,560 | - | (5,589,612) | 1,950,948 |
| **Total all projects** | **7,540,560** | **-** | **(5,589,612)** | **1,950,948** |

**3. Mineral property** (continued)

Capitalized mineral property costs for the nine months ended September 30, 2021 were as follows:

| | January 1, 2021 $ | Acquisition $ | Foreign exchange $ | September 30, 2021 $ |
|---|---|---|---|---|
| Ceboletta Project | 1,950,948 | 190,643 | (4,803) | 2,136,788 |
| **Total all projects** | **1,950,948** | **190,643** | **(4,803)** | **2,136,788** |

**Cebolleta Project**

*Lease details*

In March 2007, Westwater Resources Inc. ("Westwater") entered into a lease with La Merced del Pueblo de Cebolleta (the "Cebolleta Land Grant"), a land grant, to lease the Cebolleta property (the "Cebolleta Lease"), which is composed of approximately 6,717 acres of fee (deeded) surface and mineral rights situated in the eastern-most portion of Cibola County, New Mexico. Westwater subsequently assigned the Ceboletta Lease to the Company in April 2007, and the Cebolleta Lease was affirmed by the New Mexico District Court in Cibola County during that same month.

The Cebolleta Lease provides for: (i) an initial term of ten years and so long thereafter as the Company is conducting operations on the Cebolleta property; (ii) initial payments to the Cebolleta Land Grant of USD $5,000,000; (iii) a recoverable reserve payment equal to USD $1.00 multiplied by the number of pounds of recoverable uranium reserves upon completion of a feasibility study to be completed within six years of entry into the Cebolleta Lease, less (a) the USD $5,000,000 referred to in (ii) above, and (b) not more than USD $1,500,000 in annual advance royalties previously paid pursuant to (iv); (iv) annual advanced royalty payments of USD $500,000; (v) gross proceeds royalties ranging from 4.50% to 8.00% based on the then current price of uranium; (vi) employment opportunities and job-skills training for the members of the Cebolleta Land Grant and (vii) funding of annual higher education scholarships for the members of the Cebolleta Land Grant. The Cebolleta Lease provides the Company with the right to explore for, mine, and process uranium deposits present on the Cebolleta project.

In February 2012, the Company entered into an amendment of the Cebolleta Lease (the "First Cebolleta Lease Amendment") amending the Cebolleta Lease, subject to approval of the Thirteenth Judicial District. Pursuant to the First Cebolleta Lease Amendment, the date for the completion of the feasibility study was extended from April 2013 to April 2016. In addition, the date was further extended subject to a reduction in the USD $6,500,000 initial payment and annual advance royalty payments deductions to the recoverable reserve payment.

In January 2018, the Company entered into a second amendment to the Cebolleta Lease (the "Second Cebolleta Lease Amendment") amending the Cebolleta Lease, that included a reduction of the advance royalty payment to USD $350,000 for three years (2018-2020), after which the payments return to the prior formula. Additionally, and for the duration of the Cebolleta Lease, the requirement for a feasibility report has been removed, the reserve payment has been eliminated in favor of a single payment of USD $4,000,000 upon commencement of production and the gross proceeds royalty has been fixed at 5.75%.

In April 2021, the Company entered into an amendment of the Cebolleta Lease (the "Third Cebolleta Lease Amendment") amending the Cebolleta Lease, that included a reduction of the advance royalty payment to USD $150,000, with three of the payments being mandatory (no termination). Additionally, the primary term of the mining lease was extended through to April 6, 2024, and for so long thereafter as the Company is in good faith actively conducting operations on the Project under the terms of the mining lease. The Third Cebolleta Lease Amendment also introduced enCore as the parent company for purposes of facilitating payment obligations going forward.

## 4. Related party transactions and balances

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include Officers and Directors of the Company.

There was no remuneration paid or accrued to any of the Company's key management personnel during the nine months ended September 30, 2021 and the year ended December 31, 2021.

During the nine months ended September 30, 2021, the Company's parent company (Neutron) paid all current period additions relating to acquisition costs on the Company's Ceboletta Project, totalling $190,643. There were no costs incurred on the Project during the year ended December 31, 2020.

As at September 30, 2021, the due to member balance of $2,215,203 is owing to Neutron (December 31, 2020 - $1,950,948). During the year ended December 31, 2020, the Company recognized a gain on forgiveness of accounts payable to member in an amount of $5,993,475, in connection with enCore's acquisition of the Company in December 2020.

## 5. Member's equity (deficiency)

The Company is a single member LLC (owned by Neutron) and a disregarded entity.

There were no transactions for the issuance of member's equity during the nine months ended September 30, 2021 and the year ended December 31, 2020.

During the nine months ended September 30, 2021 and the year ended December 31, 2020, there were no cash distributions to Neutron.

## 6. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to maintain operations. The Board of Directors which comprises members of management, does not establish quantitative return on capital criteria, but rather relies on their expertise to sustain future development of the business. The Company defines capital that it manages as member's equity (deficiency).

The Company has historically relied on historical operating activities and the contributions of its member to fund its activities. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2021.

## 7. Financial risk management and financial instruments

### Fair value of financial instruments

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

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

The carrying value of accounts payable to member approximates its fair value due to the short-term nature of the instrument.

### Financial instruments - risk

The Company is exposed to varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**(a) Credit risk**

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company does not have any exposure to credit risk.

**(b) Interest rate risk**

The Company does not have any interest-bearing debt instruments and accordingly, is not exposed to interest rate risk.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities as they come due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. As at September 30, 2021, the Company has current liabilities in the amount of $2,215,203 and does not hold any cash. The Company will require additional funding to meet its ongoing obligations, as discussed in Note 1.

## 8. Event after the reporting period

On August 27, 2021, and as amended on December 17, 2021, enCore, Neutron and the Company entered into a Share Purchase Agreement (the “Agreement”) with Elephant Capital Corp. (“Elephant”) whereby Neutron agreed to transfer ownership of the Company to Elephant for consideration as follows:

a) A cash payment of USD $250,000 due upon the earlier of the receipt by Elephant of a satisfactory opinion of qualified legal counsel as to the title to the mineral property leases held by the Company and March 31, 2022; and

b) The issuance of common shares in the capital of Elephant representing 20% of the outstanding share capital of Elephant following such issuance and immediately prior to Elephant completing a going public transaction.

The Agreement is required to close by March 31, 2022 or will be subject to termination.

**Schedule "F"**
**Pro Forma Consolidated Financial Statements**

(see attached)

To be Renamed

**FUTURE FUEL CORPORATION**

(FORMERLY, EVOLVING GOLD CORP.)

PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

**FUTURE FUEL CORPORATION (FORMERLY, EVOLVING GOLD CORP.)**
**PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
(Unaudited – Stated in Canadian dollars)
As at December 31, 2021

| | Future Fuel Corporation (formerly, Evolving Gold Corp.) (Dec. 31, 2021) | Elephant Capital Corp. (Dec. 31, 2021) | Cibola Resources LLC (Dec. 31, 2021) | Notes | Pro-forma Adjustments | Pro-forma Consolidated |
|---|---|---|---|---|---|---|
| | $ | $ | $ | | $ | $ |
| **ASSETS** | | | | | | |
| **Current** | | | | | | |
| Cash | 17,977 | 1,705,730 | - | 2c | 5,056,500 | 6,605,207 |
| | | | | 2d | (175,000) | |
| Funds in trust | 3,775 | - | - | | - | 3,775 |
| Amounts receivable | 4,538 | 5,803 | - | | - | 10,341 |
| | 26,290 | 1,711,533 | - | | 4,881,500 | 6,619,323 |
| Prepaid expenses and deposits | - | 331,085 | - | 2a | (311,085) | 20,000 |
| Exploration and evaluation assets | - | - | 2,136,788 | 2a | (2,136,788) | 951,498 |
| | | | | 2a | 951,498 | |
| Reclamation bonds | 18,614 | - | - | | - | 18,614 |
| **TOTAL ASSETS** | 44,904 | 2,042,618 | 2,136,788 | | 3,385,125 | 7,609,435 |
| **LIABILITIES** | | | | | | |
| **Current** | | | | | | |
| Accounts payable and accrued liabilities | 198,600 | 181,592 | - | | - | 380,192 |
| | 198,600 | 181,592 | - | | - | 380,192 |
| Asset retirement obligations | 18,614 | - | - | | - | 18,614 |
| Due to related parties | - | - | 2,215,203 | 2a | (2,215,203) | - |
| **TOTAL LIABILITIES** | 217,214 | 181,592 | 2,215,203 | | (2,215,203) | 398,806 |
| **EQUITY (DEFICIENCY)** | | | | | | |
| Share capital | 85,547,796 | 2,165,001 | - | 2a | 565,413 | 7,803,764 |
| | | | | 2a | 75,000 | |
| | | | | 2b | (85,547,796) | |
| | | | | 2b | 112,850 | |
| | | | | 2b | 100,000 | |
| | | | | 2c | 5,056,500 | |
| | | | | 2c | (175,000) | |
| | | | | 2c | (96,000) | |
| Reserves | 348,403 | - | - | 2b | (348,403) | 96,100 |
| | | | | 2b | 100 | |
| | | | | 2c | 96,000 | |
| Retained earnings (deficit) | (84,958,746) | (303,975) | (78,415) | 2a | 78,415 | (689,235) |
| | | | | 2b | 84,958,746 | |
| | | | | 2b | (385,260) | |
| Accumulated other comprehensive income | (1,109,763) | - | - | 2b | 1,109,763 | - |
| **TOTAL EQUITY (DEFICIENCY)** | (172,310) | 1,861,026 | (78,415) | | 5,600,328 | 7,210,629 |
| **TOTAL LIABILITIES AND EQUITY (DEFICIENCY)** | 44,904 | 2,042,618 | 2,136,788 | | 3,385,125 | 7,609,435 |

See accompanying notes to the pro-forma consolidated financial statements

**FUTURE FUEL CORPORATION (FORMERLY, EVOLVING GOLD CORP.)**
**PRO-FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS**
(Unaudited – Stated in Canadian dollars)
For the nine months ended December 31, 2021

| | Future Fuel Corporation (formerly, Evolving Gold Corp.) (For the nine months ended Dec 31, 2021) | Elephant Capital Corp. (For the period from Jun 14, 2021 (date of incorporation) to Dec. 31, 2021) | Cibola Resources LLC (For the period ended Dec 31, 2021) | Notes | Pro-forma Adjustments | Pro-forma Consolidated |
|---|---|---|---|---|---|---|
| | $ | $ | | | $ | $ |
| **Expenses** | | | | | | |
| Accounting and audit | 3,344 | - | - | 2b | (3,344) | - |
| Advertising and promotion | - | 25,000 | - | | - | 25,000 |
| Exploration expenditures | - | 139,035 | 74,842 | 2a | (74,842) | 139,035 |
| Legal fees | 5,349 | 31,338 | 701 | 2b | (5,349) | 31,338 |
| | | | | 2a | (701) | |
| Management fees | 45,000 | 70,001 | - | 2b | (45,000) | 70,001 |
| Office expenses | 1,796 | 1,961 | - | 2b | (1,796) | 1,961 |
| Transfer agent and filing fees | 19,493 | - | 1,653 | 2b | (19,493) | - |
| | | | | 2a | (1,653) | |
| Transaction and listing expense | - | - | - | 2b | 385,260 | 385,260 |
| Travel expenses | - | 36,640 | - | | - | 36,640 |
| | (74,982) | (303,975) | (77,196) | | (233,082) | (689,235) |
| **Other Items** | | | | | | |
| Foreign exchange gain (loss) | (62) | - | (1,219) | 2b | 62 | - |
| | | | | 2a | 1,219 | |
| Gain on settlement of debt | 17,103 | - | - | 2b | (17,103) | - |
| | 17,041 | - | (1,219) | | (15,822) | - |
| **Total loss and comprehensive loss for the period** | (57,941) | (303,975) | (78,415) | | (248,904) | (689,235) |
| **BASIC AND DILUTED LOSS PER SHARE** | (0.03) | (0.02) | (78,415) | | - | (0.01) |
| **Weighted average number of common shares outstanding** | 2,257,000 | 17,406,170 | 1 | | | 71,112,311 |

See accompanying notes to the pro-forma consolidated financial statements

## 1. Basis of presentation

The unaudited pro-forma consolidated financial statements of the Resulting Issuer have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The unaudited pro-forma consolidated financial statements have been prepared for the purpose of inclusion in a listing statement dated May 24, 2022. These unaudited pro-forma consolidated financial statements give effect to the proposed acquisition of all of the issued and outstanding shares of Elephant Capital Corp. ("Elephant") by Future Fuel Corporation (formerly, Evolving Gold Corp.) ("Future Fuel" or "the Company") pursuant to the terms of the letter of intent dated October 26, 2021 (the "Transaction").

The unaudited pro-forma consolidated financial statements are not necessarily indicative of the financial position and financial performance of the Company on the date of the completion of the Transaction.

The unaudited pro-forma consolidated financial statements have been prepared for illustrative purposes only and may not be indicative of the combined entities' financial position and financial performance that would have occurred if the acquisition had been in effect at the date indicated. Actual amounts recorded upon consummation of the agreement will likely differ from those recorded in the unaudited pro-forma consolidated financial statements. The pro-forma adjustments and allocations of the purchase price are based in part on estimates of the fair value of assets acquired and liabilities assumed. The final purchase price allocation will be completed after asset and liability valuations are finalized as of the date of the completion of the acquisition. The actual fair values of the assets and liabilities will be determined as of the effective date of the Transaction and may differ materially from the amounts disclosed in the assumed pro-forma purchase price allocation because of changes in fair value of the assets and liabilities up to the effective date of the Transaction, and as further analysis is completed.

Consequently, the actual allocation of the purchase price may result in different adjustments than those in the unaudited pro-forma consolidated statement of financial position. Similarly, the calculation and allocation of the purchase price has been prepared on a preliminary basis and is subject to change between the time such preliminary estimations were made and closing as a result of a number of factors.

The unaudited pro-forma consolidated statement of financial position gives effect to the proposed transaction of Elephant and Future Fuel and has been prepared as if the Transaction described above occurred on December 31, 2021.

These unaudited pro-forma consolidated financial statements include:

(a) A consolidated statement of financial position of Future Fuel as at December 31, 2021 and an consolidated statement of comprehensive loss for the nine-month period ended December 31, 2021 compiled from the unaudited interim condensed consolidated financial statements of Future Fuel for the period ended December 31, 2021.

(b) A statement of financial position of Elephant as at December 31, 2021 and a statement of comprehensive loss for the period from incorporation on June 14, 2021 to December 31, 2021 compiled from the audited financial statements of Elephant for the period ended December 31, 2021.

**1. Basis of presentation** (continued)

(c) A statement of financial position of Cibola Resources LLC ("Cibola") as at December 31, 2021 and a statement of comprehensive loss for the period ended December 31, 2021 compiled from the audited financial statements of Cibola for the period ended September 30, 2021. There was no activity for the period from September 30, 2021 to December 31, 2021.

In accordance with Future Fuel acquiring Elephant, the Transaction will constitute a reverse acquisition of Future Fuel as Elephant shareholders did hold a majority voting shares and will be accounted for as a reverse acquisition transaction ("RTO") in accordance with the guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*. As Future Fuel did not qualify as a business according to the definition in IFRS 3, this reverse acquisition was accounted for as an asset acquisition where the difference between the consideration given to acquire the Company and the net asset fair value of the Company is recorded in listing expense. For accounting purposes, Elephant has been treated as the accounting parent company (legal subsidiary) and Future Fuel has been treated as the accounting subsidiary (legal parent) in these pro-forma consolidated statements.

In accordance with Elephant acquiring Cibola, as at the date of acquisition, Elephant determined that Cibola did not qualify as a business according to the definition in IFRS 3; therefore, the Cibola acquisition was accounted for as an asset acquisition in accordance with guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*.

**2. Pro-forma assumptions**

The unaudited pro-forma consolidated financial statements give effect to the following transactions and assumptions as if they had occurred on December 31, 2021:

a) To give effect to the acquisition of all of the outstanding common shares of Cibola, Elephant issued consideration to Encore Energy Corp. ("Encore") of US $250,000 cash (paid on October 22, 2021 and recognized as prepaid expenses and deposits as at December 31, 2021) and common shares of Elephant representing twenty percent (20%) of the outstanding share capital of the Company following such issuance and immediately prior to the completion of the Transaction with Future Fuel. Cibola has the rights to a lease of a mineral property comprising of approximately 6,700 acres of mineral rights and 5,700 acres of surface rights located in west-central New Mexico, commonly referred to as the "Ceboletta Uranium Project". As part of the acquisition, Encore agreed to forgive the entirety of the balance due from Cibola as of the acquisition date, included as due to related parties as at December 31, 2021. The preliminary purchase price allocation is determined as follows:

| | $ |
|---|---|
| **Cost of acquisition** | |
| Cash consideration (US $250,000 * 1.24434) | 311,085 |
| Deemed issuance of common shares equal to 20% of Elephant (11,308,250 at a value of $0.05 per share) | 565,413 |
| Finders' fees (1,500,000 at a value of $0.05 per share) | 75,000 |
| | 951,498 |
| Allocated as follows: | |
| Exploration and evaluation assets | 951,498 |

**2. Pro-forma assumptions** (continued)

The fair value of $0.05 per common share is based on the price per share of the final share issuance of Elephant prior to the closing of the Transaction.

b) Pursuant to the letter on intent dated effective October 26, 2021, the Company will acquire all of the outstanding share capital of Elephant. In accordance with the terms of the Transaction, all existing common shares of Elephant will be exchanged for an equivalent number of common shares of the Company. As at the date of closing of the Transaction, Elephant had 56,541,251 common shares issued and outstanding and Future Fuel had 2,257,000 common shares issued and outstanding.

The fair value of the $0.05 per common share is based on the price per share of the final share issuance of Elephant prior to the closing of the Transaction.

As a result of the Transaction, Elephant assumed 500,000 share purchase warrants, valued at $100. The share purchase warrants were valued using the Black-Scholes Option Pricing model using the following assumptions: risk free rate of 0.95%, volatility of 100%; stock price of $0.05; exercise price of $0.80; dividend yield of NIL% and expected life of 1.11 years.

The preliminary purchase price allocation is determined as follows:

| | $ |
|---|---|
| **Cost of acquisition** | |
| Deemed issuance of common shares (2,257,000 at a value of $0.05 per share) | 112,850 |
| Fair value of 500,000 replacement share purchase warrants | 100 |
| Fair value of shares issued as administrative fee | 100,000 |
| | 212,950 |
| Allocated as follows: | |
| Cash | 17,977 |
| Funds in trust | 3,775 |
| Amounts receivable | 4,538 |
| Reclamation bonds | 18,614 |
| Accounts payable and accrued liabilities | (198,600) |
| Asset retirement obligations | (18,614) |
| Net liabilities assumed | (172,310) |
| Listing expense | 385,260 |

In accordance with the closing of the Transaction, 2,000,000 common shares with a value of $100,000 were issued to two third-party consultants as an administrative fee for work performed related to the Transaction.

c) In connection with completion of the Transaction, the Company completed a private placement of 10,113,000 subscription receipts (each, a “Receipt”) at a price of $0.50 per receipt for gross proceeds of $5,056,500. Upon completion of the Transaction, each Receipt will automatically convert into one unit of the Company, which consists of one common share and one common share purchase warrant, with each warrant exercisable at a price of $1.25 for a period of 48 months from the date of issue.

**2. Pro-forma assumptions** (continued)

Additionally, finders' fees of an aggregate of $175,000 cash and 350,000 broker warrants were issued to certain arms-length parties. Each broker warrant is exercisable at a price of $1.25 until March 7, 2026 and valued at $96,000. In accordance with the closing of the private placement, 201,060 common shares with a value of $100,530 were issued to two third-party consultants as an administrative fee for work performed and recognized as share issue costs.

**3. Pro-forma share capital**

Pro-forma share capital as at December 31, 2021 has been determined as follows:

| | Number of common shares | Share Capital | Reserves |
|---|---|---|---|
| | # | $ | $ |
| Issued common shares at December 31, 2021 | 43,733,001 | 2,165,001 | - |
| Elimination of Elephant shares upon RTO | (43,733,001) | - | - |
| Shares issued to shareholders of Cibola upon RTO (2(a)) | 11,308,250 | 565,413 | |
| Finders' fees issued per the acquisition of Cibola (2(a)) | 1,500,000 | 75,000 | |
| Shares issued to shareholders of Elephant upon RTO (2(b)) | 43,733,001 | - | - |
| Shares and warrants of Future Fuel upon RTO (2(b)) | 2,257,000 | 112,850 | 100 |
| Administrative fees issued (2(b)) | 2,000,000 | 100,000 | - |
| Private placement (2(c)) | 10,113,000 | 5,056,500 | - |
| Share issue cost – finder's fee in cash | - | (175,000) | - |
| Share issue cost – broker warrants | - | (96,000) | 96,000 |
| Administrative fees issued (2(c)) | 201,060 | - | - |
| | 71,112,311 | 7,803,764 | 96,100 |

**4. Income taxes**

The effective income tax rate applicable to the consolidated operations is expected to be 27%.

**Schedule "G"**
**Statement of Executive Compensation**

(see attached)

# EVOLVING GOLD CORP.

## STATEMENT OF EXECUTIVE COMPENSATION

**Definitions and Interpretation**

"**CEO**" means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

"**CFO**" means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year; and

"**Named Executive Officer**" or "**NEO**" means: (a) a CEO; (b) a CFO; (c) the Company's most highly compensated executive officers, including any of the Company's subsidiaries, or the most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than $150,000 as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

*All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.*

**Description of Director and Named Executive Officer Compensation**

During the financial years ended March 31, 2018, 2019, 2020 and 2021, the Company had two Named Executive Officers, namely R. Bruce Duncan, CEO (to November 12, 2020), and Charles E. Jenkins, CFO. Mr. Jenkins was appointed CEO on November 19, 2020 following the passing of Mr. Duncan.

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. The Compensation Committee, on behalf of the board of directors (the "**Board**"), monitors compensation for the NEOs of the Company. The Company's Compensation Committee is currently composed of two independent directors – William (Bill) Majcher (Chair) and David Velisek.

There is no written Compensation Committee Charter. However, as a general statement, the Compensation Committee is responsible for assisting the Board in monitoring, reviewing and approving compensation policies and practices of the Company and its subsidiaries and administering the Company's stock option plan. With regard to the CEO, the Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to the CEO's compensation, evaluating the CEO's performance in light of those goals and objectives and making recommendations to the Board with respect to the CEO's compensation level based on this evaluation. In consultation with the CEO, the Compensation Committee makes recommendations to the Board on the framework of executive remuneration and its cost and on specific remuneration packages for each of the directors and officers other than the CEO, including recommendations regarding awards under equity compensation plans. The Compensation Committee's decisions are typically reflected in consent resolutions.

During the financial years ended March 31, 2018 to March 31, 2021, no salary increases were awarded and the Company paid no bonuses due to market conditions. For the most part, salaries were accrued and not paid. See "Table of Compensation" below for information on the unpaid accrued management fees during the financial years ended March 31, 2018 to March 31, 2021. Given the evolving nature of the Company's business, the Board continues to review and redesign its overall compensation plan for senior management so as to continue to address its objectives.

The Compensation Committee has the authority to engage and compensate, at the expense of the Company, any outside advisor that it determines to be necessary to permit it to carry out its duties (including compensation

consultants and advisers), but it did not retain any such outside consultants or advisors during the financial years ended March 31, 2018 to March 31, 2021.

Stock Options

Performance-based incentives are granted by way of stock options. The awards are intended to align executive interests with those of shareholders by tying compensation to share performance and to assist in retention through vesting provisions. Grants of stock options are based on:

(a) the executive's performance;

(b) the executive's level of responsibility within the Company;

(c) the number and exercise price of options previously issued to the executive;

(d) the difference between the executive's salary and that paid by comparable companies; and

(e) the overall aggregate total compensation package provided to the executive.

Options are typically granted on an annual basis in connection with the review of executives' compensation packages. Options may also be granted to executives upon hire or promotion and as special recognition for extraordinary performance.

**Director and Named Executive Officer Compensation**

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers)* sets forth all annual and long-term compensation for services paid to or earned by each NEO and director for the four financial years ended March 31, 2018 to 2021, excluding compensation securities.

| Name and position | Year | Salary, consulting fee, retainer or commission[1] ($) | Bonus ($) | Committee or meeting fees ($) | Value of perquisites ($) | Value of all other compen-sation ($) | Total compen-sation ($) |
|---|---|---|---|---|---|---|---|
| **Charles E. Jenkins**[2] *Director, CEO, CFO and Corporate Secretary* | 2021 | 60,000 | nil | nil | nil | nil | 60,000 |
| | 2020 | 60,000 | nil | nil | nil | nil | 60,000 |
| | 2019 | 60,000 | nil | nil | nil | nil | 60,000 |
| | 2018 | 60,000 | nil | nil | nil | 13,326 | 73,326 |
| **William Majcher** *Director* | 2021 | nil | nil | nil | nil | nil | nil |
| | 2020 | nil | nil | nil | nil | nil | nil |
| | 2019 | nil | nil | nil | nil | nil | nil |
| | 2018 | nil | nil | nil | nil | nil | nil |
| **David Velisek**[3] *Director* | 2021 | nil | nil | nil | nil | nil | nil |
| | 2020 | n/a | n/a | n/a | n/a | n/a | n/a |
| | 2019 | n/a | n/a | n/a | n/a | n/a | n/a |
| | 2018 | n/a | n/a | n/a | n/a | n/a | n/a |
| **R. Bruce Duncan**[4] *Former CEO, Director* | 2021 | 56,250 | nil | nil | nil | nil | 56,250 |
| | 2020 | 90,000 | nil | nil | nil | nil | 90,000 |
| | 2019 | 90,000 | nil | nil | nil | 5,696 | 95,696 |
| | 2018 | 90,000 | nil | nil | nil | 19,990 | 109,990 |
| **Robert N. Horsley**[5] *Former Director* | 2021 | nil | nil | nil | nil | nil | nil |
| | 2020 | nil | nil | nil | nil | nil | nil |
| | 2019 | nil | nil | nil | nil | nil | nil |
| | 2018 | nil | nil | nil | nil | nil | nil |

1. For the fiscal years ended March 31, 2018 to 2020, the above noted fees were accrued and not paid to the NEOs. Certain

fees have been paid and accrued balances will likely be paid upon completion of the Transaction

2. Mr. Jenkins has served as CFO and Corporate Secretary of the Company since December 22, 2010, and was appointed CEO and a director on November 19, 2020.
3. Mr. Velisek was appointed as a director of the Company on January 19, 2021.
4. Mr. Duncan served as a director of the Company from May 21, 2010 to November 12, 2020 and CEO from February 22, 2012 to November 12, 2020.
5. Mr. Horsley served as a director of the Company from March 4, 2014 to January 19, 2021.

**Stock Options and Other Compensation Securities**

The Company did not grant any stock options to any director or NEO in the financial years ended March 31, 2021, 2020, or 2019.

During the fiscal year ended March 31, 2018, the Company granted 225,000 stock options (22,500 post-consolidated) at an exercise price of $0.20 per share (pre-consolidated - $2.00 per share post-consolidated) to R. Bruce Duncan, the Company's CEO and Director. The options vested upon grant and expired unexercised on November 12, 2021, being one year following the passing of Mr. Duncan.

**Exercise of Compensation Securities by Directors and NEOs**

No compensation securities were exercised by any director or NEO of the Company during any of the financial years ended March 31, 2021, 2020, 2019 or 2018.

**Stock Option Plans and Other Incentive Plans**

The only stock option plan or other incentive plan the Company currently has in place is a 10% "rolling" stock option plan (the "**Plan**"). The underlying purpose of the Plan is to attract and motivate the directors, officers, employees and consultants of the Company and to advance the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Plan.

The material terms of the Plan are as follows:

1. The term of any options granted under the Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of ten years.
2. The exercise price of any options granted under the Plan will be determined by the Board, in its sole discretion, but shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant such options.
3. Vesting of options shall be at the discretion of the Board.
4. All options will be non-assignable and non-transferable.
5. No more than (i) 5% of the issued shares may be granted to any one individual in any 12 month period; and (ii) no more that 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period.
6. If the option holder ceases to be a director of the Company (other than by reason of death), then the option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director of the Company, subject to the terms and conditions set out in the Plan. If the option holder is engaged in investor relations activities or ceases to be an employee, consultant or management company employee of the Company (other than by reason of death), then the option granted shall expire on no later than the 30th day following the date that the option holder ceases to be employed or contracted by the Company, subject to the terms and conditions set out in the Plan.
7. Options cannot be amended once granted.
8. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares.

9. The Plan contains a black-out provision restricting all or any of the Company's directors, officers, employees, insiders or persons in a special relationship to refrain from trading in the Company's securities until the restriction has been lifted by the Company.
10. The Board reserves the right in its absolute discretion to terminate or suspend the Plan with respect to all shares in respect of options which have not yet been granted under the Plan.

As at March 31, 2021 there were 112,400 option outstanding under the Plan. All of those options subsequently expired or were cancelled.

The Company has no other form of compensation plan under which equity securities of the Company are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods and services.

**Employment, Consulting and Management Agreements**

The executive employment agreements that the Company has entered into with each of R. Bruce Duncan and Charles E. Jenkins (together, the "Executive Employment Agreements") contain similar termination and change of control benefits. On April 28, 2014, those contracts were amended to reduce the termination provisions whereby on any termination without cause or resulting from a change of control of the Company, each NEO will be entitled to receive a six month payout. The Company's Executive Employment Agreement with R. Bruce Duncan subsequently terminated on November 12, 2020.

**Pension disclosure**

The Company does not provide any form of pension to any of its directors or Named Executive Officers.

**Schedule "H"**
**Equity Plan**

(see attached)

# FUTURE FUEL CORPORATION

## Equity Incentive Plan

**February 22, 2022**

## PART 1
## PURPOSE

### 1.1 Purpose

The purpose of this Plan is to secure for the Company and its shareholders the benefits inherent in share ownership by the employees and directors of the Company and its affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success. It is generally recognized that equity incentive plans of the nature provided for herein aid in retaining and encouraging employees and directors of exceptional ability because of the opportunity offered them to acquire a proprietary interest in the Company.

### 1.2 Available Awards

Awards that may be granted under this Plan include:

(a) Options;

(b) Deferred Share Units;

(c) Restricted Share Units; and

(d) Performance Share Units.

## PART 2
## INTERPRETATION

### 2.1 Definitions

(a) "**Affiliate**" has the meaning set forth in the BCA.

(b) "**Award**" means any right granted under this Plan, including Options, Deferred Share Units, Restricted Share Units and Performance Share Units.

(c) "**BCA**" means the *Business Corporations Act* (British Columbia).

(d) "**Blackout Period**" means a period in which the trading of Shares or other securities of the Company is restricted under any policy of the Company then in effect.

(e) "**Board**" means the board of directors of the Company.

(f) "**Cashless Exercise Right**" has the meaning set forth in Section 3.5 of this Plan.

(g) "**Change of Control**" means the occurrence and completion of any one or more of the following events:

(A) the Company shall not be the surviving entity in a merger, amalgamation or other reorganization (or survives only as a subsidiary of an entity other than a previously wholly-owned subsidiary of the Company);

(B) the Company shall sell or otherwise transfer, including by way of the grant of a leasehold interest or joint venture interest (or one or more subsidiaries of the Company shall sell or otherwise transfer, including without limitation by way of the grant of a leasehold interest or joint

venture interest) property or assets (i) aggregating more than 50% of the consolidated assets (measured by either book value or fair market value) of the Company and its subsidiaries as at the end of the most recently completed financial year of the Company or (ii) which during the most recently completed financial year of the Company generated, or during the then current financial year of the Company are expected to generate, more than 50% of the consolidated operating income or cash flow of the Company and its subsidiaries, to any other person or persons (other than one or more Designated Affiliates of the Company), in which case the Change of Control shall be deemed to occur on the date of transfer of the assets representing one dollar more than 50% of the consolidated assets in the case of clause (i) or 50% of the consolidated operating income or cash flow in the case of clause (ii), as the case may be;

(C) the Company is to be dissolved and liquidated;

(D) any person, entity or group of persons or entities acting jointly or in concert acquires or gains ownership or control (including, without limitation, the power to vote) more than 50% of the Company's outstanding voting securities; or

(E) as a result of or in connection with: (i) the contested election of directors, or; (ii) a transaction referred to in subparagraph (i) above, the persons who were directors of the Company before such election or transaction shall cease to constitute a majority of the directors.

For the purposes of the foregoing, "voting securities" means Shares and any other shares entitled to vote for the election of directors and shall include any securities, whether or not issued by the Company, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors, including any options or rights to purchase such shares or securities.

(h) "**Code**" means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding guidance thereunder.

(i) "**Company**" means ♦, a company incorporated under the laws of British Columbia.

(j) "**Deferred Payment Date**" for a Participant means the date after the Restricted Period which is the earlier of (i) the date which the Participant has elected to defer receipt of Restricted Shares in accordance with Section 4.4 of this Restricted Share Plan; and (ii) the Participant's Separation Date.

(k) "**Deferred Share Unit**" means the agreement by the Company to pay, and the right of the Participant to receive, a Deferred Share Unit Payment for each Deferred Share Unit held, evidenced by way of book-keeping entry in the books of the Company and administered pursuant to this Plan.

(l) "**Deferred Share Unit Grant Letter**" has the meaning ascribed thereto in Section 5.2 of this Plan.

(m) "**Deferred Share Unit Payment**" means, subject to any adjustment in accordance with Section 5.5 of this Plan, the issuance to a Participant of one previously unissued Share for each whole Deferred Share Unit credited to such Participant.

(n) "**Designated Affiliate**" means subsidiaries of the Company designated by the Board from time to time for purposes of this Plan.

(o) "**Director Retirement**" in respect of a Participant, means the Participant ceasing to hold any directorships with the Company, any Designated Affiliate and any entity related to the Company for purposes of the *Income Tax Act* (Canada) after attaining a stipulated age in

accordance with the Company's normal retirement policy, or earlier with the Company's consent.

(p) "**Director Separation Date**" means the date that a Participant ceases to hold any directorships with the Company and any Designated Affiliate due to a Director Retirement or Director Termination and also ceases to serve as an employee or consultant with the Company, any Designated Affiliate_and any entity related to the Company for the purposes of the *Income Tax Act* (Canada).

(q) "**Director Termination**" means the removal of, resignation or failure to re-elect the Eligible Director (excluding a Director Retirement) as a director of the Company, a Designated Affiliate and any entity related to the Company for purposes of the *Income Tax Act* (Canada).

(r) "**Effective Date**" means February 22, 2022, being the date upon which this Plan was adopted by the Board.

(s) "**Eligible Directors**" means the directors of the Company or any Designated Affiliate who are, as such, eligible for participation in this Plan.

(t) "**Eligible Employees**" means employees (including employees who are officers and directors) of the Company or any Designated Affiliate thereof, whether or not they have a written employment contract with Company, determined by the Board, as employees eligible for participation in this Plan. Eligible Employees shall include Service Providers eligible for participation in this Plan as determined by the Board.

(u) "**Exchange**" means the Canadian Securities Exchange, or any successor entity, which is the principal stock exchange on which the Shares are listed for trading.

(v) **"Fair Market Value"** with respect to the Shares as of any date, means the closing market price of the Shares on the trading day prior to such date. Notwithstanding the foregoing, for the purposes of establishing the exercise price per Share of any Option, or the value of any Share underlying a Restricted Share Right, Deferred Share Unit or Performance Share Unit on the grant date, the Fair Market Value means the greater of the closing market price of the Shares on (a) the trading day prior to the date of grant of the applicable Award; and (b) the date of grant of the applicable Award.

(w) **"Multiplier(s)**" means the factor(s) by which a Participant's Performance Share Units will be multiplied, as determined by the Board and set out in the applicable Performance Share Unit Agreement;

(x) "**Option**" means an option granted under the terms of this Plan.

(y) "**Option Period**" means the period during which an Option is outstanding.

(z) "**Option Shares**" has the meaning set forth in Section 3.5 of this Plan.

(aa) "**Optionee**" means an Eligible Employee or Eligible Director to whom an Option has been granted under the terms of this Plan.

(bb) "**Participant**" means an Eligible Employee or Eligible Director who participates in this Plan.

(cc) "**Performance Period**" means the period provided for in Section 6.3;

(dd) "**Performance Share Unit**" means a bookkeeping entry evidencing the right of a Participant to receive the value of one Share at the time of payment, multiplied by the applicable Multiplier(s), pursuant to the terms and conditions hereof and as evidenced by a Performance Share Unit Agreement;

(ee) "**Performance Share Unit Agreement**" means an agreement evidencing a Performance Share Unit entered into by and between the Company and a Participant;

(ff) "**Plan**" means this Equity Incentive Plan, as it may be amended and restated from time to time.

(gg) "**Restricted Period**" means any period of time that a Restricted Share Right is not vested and the Participant holding such Restricted Share Right remains ineligible to receive the relevant Shares, determined by the Board in its absolute discretion, however, such period of time may be reduced or eliminated from time to time and at any time and for any reason as determined by the Board, including, but not limited to, circumstances involving death or disability of a Participant.

(hh) "**Retirement**" in respect of an Eligible Employee, means the Eligible Employee ceasing to hold any employment with the Company or any Designated Affiliate after attaining a stipulated age in accordance with the Company's normal retirement policy, or earlier with the Company's consent.

(ii) "**Restricted Share Unit**" has such meaning as ascribed to such term at Section 4.1 of this Plan.

(jj) "**Restricted Share Unit Grant Letter**" has the meaning ascribed to such term in Section 4.2 of this Plan.

(kk) "**Separation Date**" means the date that a Participant ceases to be an Eligible Director or Eligible Employee.

(ll) "**Service Provider**" means any person or company engaged by the Company or a Designated Affiliate to provide services for an initial, renewable or extended period of 12 months or more.

(mm) "**Shares**" means the common shares of the Company.

(nn) "**Specified Employee**" means a U.S. Taxpayer who meets the definition of "specified employee", as defined in Section 409A(a)(2)(B)(i) of the Internal Revenue Code.

(oo) "**Termination**" means the termination of the employment (or consulting services) of an Eligible Employee with or without cause by the Company or a Designated Affiliate or the cessation of employment (or consulting services) of the Eligible Employee with the Company or a Designated Affiliate as a result of resignation or otherwise, other than the Retirement of the Eligible Employee.

(pp) "**US Taxpayer**" means a Participant who is a US citizen, US permanent resident or other person who is subject to taxation on their income under the United States Internal Revenue Code of 1986.

**2.2 Interpretation**

(a) This Plan is created under and is to be governed, construed and administered in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

(b) Whenever the Board (or Board committee, as the case may be) is to exercise discretion in the administration of the terms and conditions of this Plan, the term "**discretion**" means the sole and absolute discretion of the Board (or Board committee, as the case may be).

(c) As used herein, the terms "**Part**" or "**Section**" mean and refer to the specified Part or Section of this Plan, respectively.

(d) Where the word "**including**" or "**includes**" is used in this Plan, it means "including (or includes) without limitation".

(e) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.

(f) Unless otherwise specified, all references to money amounts are to Canadian dollars.

## PART 3
## STOCK OPTIONS

### 3.1 Participation

The Company may from time to time grant Options to Participants pursuant to this Plan.

### 3.2 Price

The exercise price per Share of any Option shall be not less than one hundred per cent (100%) of the Fair Market Value.

### 3.3 Grant of Options

The Board may at any time authorize the granting of Options to such Participants as it may select for the number of Shares that it shall designate, subject to the provisions of this Plan. The date of grant of an Option shall be the date such grant was approved by the Board.

Each Option granted to a Participant shall be evidenced by a stock option agreement with terms and conditions consistent with this Plan and as approved by the Board (and in all cases which terms and conditions need not be the same in each case and may be changed from time to time, subject to Section 8.7 of this Plan, and any required approval of the Exchange or any other exchange or exchanges on which the Shares are then traded).

### 3.4 Terms of Options

The Option Period shall be five years from the date such Option is granted, or such greater or lesser duration as the Board may determine at the date of grant, and may thereafter be reduced with respect to any such Option as provided in Section 3.6 hereof covering termination of employment or death of the Optionee; provided, however, that at any time the expiry date of the Option Period in respect of any outstanding Option under this Plan should be determined to occur either during a Blackout Period or within ten business days following the expiry of the Blackout Period, the expiry date of such Option Period shall be deemed to be the date that is the tenth business day following the expiry of the Blackout Period.

Unless otherwise determined from time to time by the Board, Options shall vest and may be exercised (in each case to the nearest full Share) during the Option Period as follows:

(a) at any time during the first six months of the Option Period, the Optionee may purchase up to 25% of the total number of Shares reserved for issuance pursuant to his or her Option; and

(b) at any time during each additional six-month period of the Option Period the Optionee may purchase an additional 25% of the total number of Shares reserved for issuance pursuant to his or her Option plus any Shares not purchased in accordance with the preceding subsection (a) and this subsection (b) until, after the 18$^{th}$ month of the Option Period, 100% of the Option will be exercisable.

Except as set forth in Section 3.6, no Option may be exercised unless the Optionee is at the time of such exercise:

(a) in the case of an Eligible Employee, in the employ (or retained as a Service Provider) of the Company or a Designated Affiliate and shall have been continuously so employed or retained since the grant of the Option; or

(b) in the case of an Eligible Director, a director of the Company or a Designated Affiliate and shall have been such a director continuously since the grant of the Option.

The exercise of any Option will be contingent upon the Optionee having entered into an Option agreement with the Company on such terms and conditions as have been approved by the Board and which incorporates by reference the terms of this Plan. The exercise of any Option will, subject to Section

3.5, also be contingent upon receipt by the Company of cash payment of the full purchase price of the Shares being purchased.

### 3.5 Cashless Exercise Right

Participants have the right (the "**Cashless Exercise Right**"), in lieu of the right to exercise an Option, to terminate such Option in whole or in part by notice in writing delivered by the Participant to the Company electing to exercise the Cashless Exercise Right and, in lieu of receiving the Shares (the "**Option Shares**") to which such Terminated Option relates, to receive the number of Shares, disregarding fractions, which is equal to the quotient obtained by:

(a) subtracting the applicable Option exercise price per Share from the Fair Market Value per Share on the business day immediately prior to the exercise of the Cashless Exercise Right and multiplying the remainder by the number of Option Shares; and

(b) dividing the product obtained under subsection 3.5(a) by the Fair Market Value per Share on the business day immediately prior to the exercise of the Cashless Exercise Right.

If a Participant exercises a Cashless Exercise Right in connection with an Option, it is exercisable only to the extent and on the same conditions that the related Option is exercisable under this Plan.

### 3.6 Effect of Termination of Employment or Death

If an Optionee:

(a) dies while employed by, a Service Provider to or while a director of the Company or a Designated Affiliate, any Option held by him or her at the date of death shall become exercisable in whole or in part, but only by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or applicable laws of descent and distribution. Unless otherwise determined by the Board, all such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her death and only for 12 months after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner; and

(b) ceases to be employed by, a Service Provider to, or act as a director of, the Company or a Designated Affiliate for cause, no Option held by such Optionee will, unless otherwise determined by the Board, be exercisable following the date on which such Optionee ceases to be so engaged; provided, however, that if an Optionee ceases to be employed by, a Service Provider to, or act as a director of, the Company or a Designated Affiliate for any reason other than cause then, unless otherwise determined by the Board, any Option held by such Optionee at the effective date thereof shall become exercisable for a period of up to 12 months thereafter or prior to the expiration of the Option Period in respect thereof, whichever is sooner.

### 3.7 Effect of Takeover Bid

In the event of a Change of Control, unless otherwise determined by the Board, (i) all Options outstanding shall immediately vest and be exercisable; and (ii) all Options that are not otherwise exercised contemporaneously with the completion of the Change of Control will terminate and expire immediately thereafter.

### 3.8 Effect of Amalgamation or Merger

Subject to Section 3.7, if the Company amalgamates or otherwise completes a plan of arrangement or merges with or into another corporation, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Participant would have received upon such amalgamation, arrangement or merger if the Participant had exercised his or her Option immediately prior to the record date applicable to such amalgamation, arrangement or merger, and the option price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of this Plan.

## PART 4
## RESTRICTED SHARE UNITS

### 4.1 Participants

The Company has the right to grant, in its sole and absolute discretion, to any Participant, rights to receive any number of fully paid and non-assessable Shares ("**Restricted Share Units**") as a discretionary payment in consideration of past services to the Company or as an incentive for future services, subject to this Plan and with such additional provisions and restrictions as the Board may determine. For purposes of calculating the number of Restricted Share Units to be granted, the Company shall be obligated to value the Shares underlying such Restricted Share Units at not less than one hundred per cent (100%) of the Fair Market Value.

### 4.2 Restricted Share Units Grant Letter

Each grant of a Restricted Share Right under this Plan shall be evidenced by a grant letter (a "**Restricted Share Units Grant Letter**") issued to the Participant by the Company. Such Restricted Share Right Grant Letter shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and which the Board deems appropriate for inclusion in a Restricted Share Right Grant Letter. The provisions of the various Restricted Share Right Grant Letters issued under this Plan need not be identical.

### 4.3 Restricted Period

Concurrent with the determination to grant Restricted Share Units to a Participant, the Board shall determine the Restricted Period applicable to such Restricted Share Units. In addition, at the sole discretion of the Board, at the time of grant, the Restricted Share Units may be subject to performance conditions to be achieved by the Company or a class of Participants or by a particular Participant on an individual basis, within a Restricted Period, for such Restricted Share Units to entitle the holder thereof to receive the underlying Shares. Upon expiry of the applicable Restricted Period (or on the Deferred Payment Date, as applicable), a Restricted Share Right shall be automatically settled, and without the payment of additional consideration or any other further action on the part of the holder of the Restricted Share Right, the underlying Shares shall be issued to the holder of such Restricted Share Units, which Restricted Share Units shall then be cancelled.

### 4.4 Deferred Payment Date

Participants who are residents of Canada for the purposes of the *Income Tax Act* (Canada) (and for greater certainty, who are not US Taxpayers), may elect to defer to receive all or any part of the Shares underlying Restricted Share Units until one or more Deferred Payment Dates. Any other Participants may not elect a Deferred Payment Date.

### 4.5 Prior Notice of Deferred Payment Date

Participants who elect to set a Deferred Payment Date must, in respect of each such Deferred Payment Date, give the Company written notice of the Deferred Payment Date(s) not later than thirty (30) days prior to the expiration of the applicable Restricted Period. For certainty, Participants shall not be permitted to give any such notice after the day which is thirty (30) days prior to the expiration of the Restricted Period and a notice once given may not be changed or revoked. For the avoidance of doubt, the foregoing shall not prevent a Participant from electing an additional Deferred Payment Date, provided, however that notice of such election is given by the Participant to the Company not later than thirty (30) days prior to the expiration of the subject Restricted Period.

### 4.6 Retirement or Termination during Restricted Period

In the event and to the extent of the Retirement or Termination and/or, as applicable, the Director Retirement or Director Termination of a Participant from all such roles with the Company during the Restricted Period, any Restricted Share Units held by the Participant shall immediately terminate and be of no further force or effect; provided, however, that the Board shall have the absolute discretion to modify

the grant of the Restricted Share Units to provide that the Restricted Period shall terminate immediately prior to the date of such occurrence.

### 4.7 Retirement or Termination after Restricted Period

In the event and to the extent of the Retirement or Termination and/or, as applicable, the Director Retirement or Director Termination of the Participant from all such roles with the Company following the Restricted Period and prior to a Deferred Payment Date, the Participant shall be entitled to receive, and the Company shall issue forthwith, Shares in satisfaction of the Restricted Share Units then held by the Participant.

### 4.8 Death or Disability of Participant

In the event of the death or total disability of a Participant, any Shares represented by Restricted Share Units held by the Participant shall be immediately issued by the Company to the Participant or legal representative of the Participant.

### 4.9 Payment of Dividends

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Company on the Shares, a Participant may be credited with additional Restricted Share Units. The number of such additional Restricted Share Units, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Participant if the Restricted Share Units (including Restricted Share Units in which the Restricted Period has expired but the Shares have not been issued due to a Deferred Payment Date) in the Participant's account on the dividend record date had been outstanding Shares (and the Participant held no other Shares) by (b) the Fair Market Value of the Shares on the date on which such dividends were paid.

### 4.10 Change of Control

In the event of a Change of Control, all Restricted Share Units outstanding shall vest immediately and be settled by the issuance of Shares notwithstanding the Restricted Period and any Deferred Payment Date.

## PART 5
## DEFERRED SHARE UNITS

### 5.1 Deferred Share Unit Grants

The Board may from time to time determine to grant Deferred Share Units to one or more Eligible Directors in a lump sum amount or on regular intervals, based on such formulas or criteria as the Board may from time to time determine. Deferred Share Units will be credited to the Eligible Director's account when designated by the Board. For purposes of calculating the number of Deferred Share Units to be granted, the Company shall be obligated to value the Shares underlying such Deferred Share Units at not less than one hundred per cent (100%) of the Fair Market Value.

### 5.2 Deferred Share Unit Grant Letter

Each grant of a Deferred Share Unit under this Plan shall be evidenced by a grant letter (a "**Deferred Share Unit Grant Letter**") issued to the Eligible Director by the Company. Such Deferred Share Unit Grant Letter shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and which the Board deems appropriate for inclusion in a Deferred Share Unit Grant Letter. The provisions of Deferred Share Unit Grant Letters issued under this Plan need not be identical.

### 5.3 Redemption of Deferred Share Units and Issuance of Deferred Shares

The Deferred Share Units held by each Eligible Director who is not a US Taxpayer shall be redeemed automatically and with no further action by the Eligible Director on the 20th business day following the Separation Date for that Eligible Director. For US Taxpayers, Deferred Share Units held by an Eligible Director who is a Specified Employee will be automatically redeemed with no further action by the Eligible Director on the date that is six months following the Separation Date for the Eligible Director, or if earlier,

upon such Eligible Director's death. Upon redemption, the former Eligible Director shall be entitled to receive and the Company shall issue, the number of Shares issued from treasury equal to the number of Deferred Share Units in the Eligible Director's account, subject to any applicable deductions and withholdings. In the event a Separation Date occurs during a year and Deferred Share Units have been granted to such Eligible Director for that entire year, the Eligible Director will only be entitled to a pro-rated Deferred Share Unit Payment in respect of such Deferred Share Units based on the number of days that he or she was an Eligible Director in such year.

No amount will be paid to, or in respect of, an Eligible Director under this Plan or pursuant to any other arrangement, and no other additional Deferred Share Units will be granted to compensate for a downward fluctuation in the value of the Shares of the Company nor will any other benefit be conferred upon, or in respect of, an Eligible Director for such purpose.

### 5.4 Death of Participant

In the event of the death of an Eligible Director, the Deferred Share Units shall be redeemed automatically and with no further action on the 20th business day following the death of an Eligible Director.

### 5.5 Payment of Dividends

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Company on the Shares, an Eligible Director may be credited with additional Deferred Share Units. The number of such additional Deferred Share Units, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Eligible Director if the Deferred Share Units in the Eligible Director's account on the dividend record date had been outstanding Shares (and the Eligible Director held no other Shares), by (b) the Fair Market Value of the Shares on the date on which such dividends were paid.

## PART 6
## PERFORMANCE SHARE UNITS

### 6.1 Performance Share Units

The Board may from time to time determine to grant Performance Share Units to one or more Eligible Directors with the specific terms and conditions thereof to be as provided in this Plan and in the Performance Share Unit Agreement entered into in respect of such grant. The Performance Share Unit Agreement in respect of the Performance Share Units granted will set out, at a minimum, the number of Performance Share Units granted, the Performance Period, the performance-based criteria and the Multiplier(s). Subject to the provisions of this Article 6, each Performance Share Unit awarded to a Participant for services performed during the year in which the Performance Share Unit is granted shall entitle the Participant to receive payment in an amount equal to the Fair Market Value on the day immediately prior to the last day of the applicable Performance Period multiplied by the applicable Multiplier(s), to be determined on the last day of the Performance Period.

### 6.2 Distributions.

The Board, in its sole discretion, may determine that if and when distributions are paid on any Shares, additional Performance Share Units shall be credited to the Participant as of such distribution payment date. The number of additional Performance Share Units (including fractional Performance Share Units) to be credited to the Participant shall be determined by dividing the dollar amount of the distribution payable in respect of the Shares underlying the Performance Share Units by the Fair Market Value on the date the distribution is paid. Fractional Performance Share Units to two decimal places shall be credited to the Participant. For greater certainty, the Performance Period and Multiplier(s), if any, shall be the same as the Performance Period and Multiplier(s), if any, for the Performance Share Units.

### 6.3 Performance Period

Subject to Sections 6.5, 6.6 and 6.7 (which could result in shortening any such period), the Performance Period in respect of a particular award shall be one year from the date of grant of the applicable Performance Share Unit, provided that the Board may, in its sole discretion, determine the Performance

Period to be greater than one year, to a maximum of three years from the date of grant of the applicable Performance Share Unit.

### 6.4 Performance-Based Criteria and Multipliers

The Board may establish performance-based criteria which, if met by the Company, will entitle the Participant to be paid an amount in excess of or less than the Fair Market Value of one Share for each Performance Share Unit at the end of the applicable Performance Period. The Board, in its sole discretion, may waive the performance-based criteria if the Board determines there were material unusual circumstances that occurred during the Performance Period (as an example only, if take-over speculation significantly affects the Fair Market Value at the end of the Performance Period).

### 6.5 Retirement or Termination During Performance Period

If a Participant ceases to be an Eligible Employee or Eligible Director, as applicable, during the Performance Period because of retirement or Termination of the Participant, all Performance Share Units previously awarded to the Participant shall be forfeited and cease to be credited to the Participant on the date of the Retirement or Termination, as the case may be; however, the Board shall have the absolute discretion to modify the grant of the Performance Share Units to provide that the Performance Period would end at the end of the calendar quarter immediately before the date of the Retirement or Termination, as the case may be, and the amount payable to the Participant shall be calculated as of such date.

### 6.6 Death or Disability

During Performance Period, in the event of the death or total disability of a Participant during the Performance Period, the Performance Period shall be deemed to end at the end of the calendar quarter immediately before the date of death or total disability of the Participant and the amount payable to the Participant or its executors, as the case may be, shall be calculated as of such date.

### 6.7 Change of Control During Performance Period

In the event of a Change of Control, the Performance Period shall be deemed to end at the end of the calendar quarter immediately before the Change of Control and the amount payable to the Participant shall be calculated as of such date.

### 6.8 Payment to Participants

Subject to the terms of this Plan, the Board, in its sole discretion, may pay earned Performance Share Units in the form of cash or in Shares issued from treasury (or in a combination thereof) equal to the value of the Performance Share Units at the end of the applicable Performance Period. The determination of the Board with respect to the form of payout of such Performance Share Units shall be set forth in the Performance Share Unit Agreement for the grant of the Performance Share Unit or reserved for later determination. In no event will delivery of such Shares or payment of any cash amounts be made later than two and a half months after the end of the year in which such conditions or restrictions were satisfied or lapsed.

### 6.9 Payment of Dividends

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Company on the Shares, an Eligible Director may be credited with additional Performance Share Units. The number of such additional Performance Share Units, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Eligible Director if the Performance Share Units in the Eligible Director's account on the dividend record date had been outstanding Shares (and the Eligible Director held no other Shares), by (b) the Fair Market Value of the Shares on the date on which such dividends were paid.

## PART 7
## WITHHOLDING TAXES

### 7.1 Withholding Taxes

The Company or any Designated Affiliate may take such steps as are considered necessary or appropriate for the withholding of any taxes or other amounts which the Company or any Designated Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Award including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the issue of any Shares to be issued under this Plan, until such time as the Participant has paid the Company or any Designated Affiliate for any amount which the Company or Designated Affiliate is required to withhold by law with respect to such taxes or other amounts. Without limitation to the foregoing, the Board may adopt administrative rules under this Plan, which provide for the automatic sale of Shares (or a portion thereof) in the market upon the issuance of such Shares under this Plan on behalf of the Participant to satisfy withholding obligations under an Award.

## PART 8
## GENERAL

### 8.1 Number of Shares

The aggregate number of Shares that may be issued under this Plan shall not exceed 20% of the outstanding issue from time to time, such Shares to be allocated among Awards and Participants in amounts and at such times as may be determined by the Board from time to time.

For the purposes of this Section 8.1, “outstanding issue” means the total number of Shares, on a non-diluted basis, that are issued and outstanding immediately prior to the date that any Shares are issued or reserved for issuance pursuant to an Award.

### 8.2 Lapsed Awards

If Awards are surrendered, terminated or expire without being exercised in whole or in part, new Awards may be granted covering the Shares not issued under such lapsed Awards, subject to any restrictions that may be imposed by the Exchange, including, without limitation, the restriction that if an Option is cancelled prior to its expiry date, the Company shall post notice of the cancellation and shall not grant new Options to the same Participant until 30 days have elapsed from the date of cancellation.

### 8.3 Adjustment in Shares Subject to this Plan

If there is any change in the Shares through the declaration of stock dividends of Shares, through any consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under this Plan, the Shares subject to any Award, and the exercise price of any Option shall be adjusted as determined to be appropriate by the Board, and such adjustment shall be effective and binding for all purposes of this Plan.

### 8.4 Transferability

Any Awards accruing to any Participant in accordance with the terms and conditions of this Plan shall not be transferable unless specifically provided herein. During the lifetime of a Participant all Awards may only be exercised by the Participant. Awards are non-transferable except by will or by the laws of descent and distribution.

### 8.5 Employment

Nothing contained in this Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Company or any Affiliate, or interfere in any way with the right of the Company or any Affiliate to terminate the Participant’s employment at any time. Participation in this Plan by a Participant is voluntary.

**8.6 Record Keeping**

The Company shall maintain a register in which shall be recorded:

(a) the name and address of each Participant;

(b) the number of Awards granted to each Participant and relevant details regarding such Awards; and

(c) such other information as the Board may determine.

**8.7 Amendments to Plan**

The Board shall have the power to, at any time and from time to time, either prospectively or retrospectively, amend, suspend or terminate this Plan or any Award granted under this Plan without shareholder approval, including, without limiting the generality of the foregoing: changes of a clerical or grammatical nature, changes regarding the persons eligible to participate in this Plan, changes to the exercise price, vesting, term and termination provisions of the Award, changes to the cashless exercise right provisions, changes to the authority and role of the Board under this Plan, and any other matter relating to this Plan and the Awards that may be granted hereunder, provided however that:

(a) such amendment, suspension or termination is in accordance with applicable laws and the rules of any stock exchange on which the Shares are listed;

(b) no amendment to this Plan or to an Award granted hereunder will have the effect of impairing, derogating from or otherwise adversely affecting the terms of an Award which is outstanding at the time of such amendment without the written consent of the holder of such Award;

(c) the terms of an Option will not be amended once issued; and

(d) the expiry date of an Option Period in respect of an Option shall not be more than ten years from the date of grant of an Option except as expressly provided in Section 3.4.

If this Plan is terminated, the provisions of this Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Award or any rights pursuant thereto remain outstanding and, notwithstanding the termination of this Plan, the Board shall remain able to make such amendments to this Plan or the Award as they would have been entitled to make if this Plan were still in effect.

**8.8 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of this Plan.

**8.9 Section 409A**

It is intended that any payments under this Plan to US Taxpayers shall be exempt from or comply with Section 409A of the Code, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes and penalties under Section 409A of the Code.

**8.10 Compliance with Applicable Law, etc.**

If any provision of this Plan or any agreement entered into pursuant to this Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Company or this Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

**8.11 Term of the Plan**

This Plan shall remain in effect until it is terminated by the Board.

## PART 9
## ADMINISTRATION OF THIS PLAN

### 9.1 Administration by the Board

(a) Unless otherwise determined by the Board, this Plan shall be administered by the Board or a Board committee designated by the Board.

(b) The Board (or Board committee, as the case may be) shall have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan, to:

(i) adopt and amend rules and regulations relating to the administration of this Plan and make all other determinations necessary or desirable for the administration of this Plan. The interpretation and construction of the provisions of this Plan and related agreements by the Board (or Board committee, as the case may be) shall be final and conclusive. The Board (or Board committee, as the case may be) may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any related agreement in the manner and to the extent it shall deem expedient to carry this Plan into effect and it shall be the sole and final judge of such expediency;

(ii) determine and designate from time to time the individuals to whom Awards shall be made, the amounts of the Awards and the other terms and conditions of the Awards;

(iii) delegate any of its responsibilities or powers under this Plan to a Board committee; and

(iv) otherwise exercise the powers under this Plan as set forth herein.