CLEAN AIR METALS INC.
(Formerly Regency Gold Corp.)

Consolidated Financial Statements

Years Ended January 31, 2020 and 2019

(Expressed in Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Clean Air Metals Inc. (formerly Regency Gold Corp.)

Opinion

We have audited the accompanying consolidated financial statements of Clean Air Metals Inc. (formerly Regency Gold Corp.) (the "Company") which comprise the consolidated statements of financial position as at January 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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 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 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 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 Ted McLellan.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
May 21, 2020

Clean Air Metals Inc.
(Formerly Regency Gold Corp.)
Consolidated Statements of Financial Position
As at January 31, 2020 and 2019
(Expressed in Canadian dollars)

		2020		2019
ASSETS				
Current				
Cash	$	**1,547,073**	$	704,747
Prepaid expenses (Note 3)		**346,885**		-
Tax recoverable		**67,539**		16,316
	$	**1,961,497**	$	721,063
LIABILITIES				
Current				
Trade and other payables (Note 4 and 7)	$	**441,791**	$	36,131
Notes payable (Note 5)		**251,323**		1,323
		693,114		37,454
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		**73,585,313**		72,251,980
Share subscription received (Note 6)		**234,700**		-
Reserves (Note 6)		**2,902,457**		2,749,897
Deficit		**(75,454,087)**		(74,318,268)
		1,268,383		683,609
	$	**1,961,497**	$	721,063

Nature of operations and going concern (Note 1)
Legal proceedings (Note 13)
Subsequent events (Note 14)

These consolidated financial statements were authorized for issue by the Board of Directors on May 21, 2020.

They are signed on the Company's behalf by:

"Abraham Drost"
Abraham Drost, Director

"Dean Chambers"
Dean Chambers, Director

Clean Air Metals Inc.
(Formerly Regency Gold Corp.)
Consolidated Statements of Loss and Comprehensive Loss
For the years ended January 31, 2020 and 2019
(Expressed in Canadian dollars)

	2020	2019
	$	$
Operating Expenses		
Consulting fees (Note 7)	**79,613**	142,500
Geological consulting	**314,030**	-
Legal settlement (Note 13)	**250,000**	-
Office	**15,657**	12,454
Professional fees	**114,886**	9,864
Share-based compensation (Note 6)	**152,560**	-
Shareholder relations	**11,036**	8,117
Transfer agent and filing fees	**33,550**	16,618
Travel and entertainment	**12,090**	6,913
	(983,422)	(196,466)
Other Expenses		
Loss on settlement of debt	**-**	26,650
Loan receivable write-off (Note 13)	**150,000**	-
Interest expense	**2,397**	-
Loss and Comprehensive Loss for the Year	**(1,135,819)**	(223,116)
Loss Per Share – Basic and Diluted	**(0.05)**	(0.02)
Weighted Average Number of Common Shares Outstanding	**23,596,015**	11,437,156

Clean Air Metals Inc.
(Formerly Regency Gold Corp.)
Consolidated Statements of Cash Flows
For the years ended January 31, 2020 and 2019
(Expressed in Canadian dollars)

		2020		2019
Operating Activities				
Loss and comprehensive loss for the year	$	(1,135,819)	$	(223,116)
Items not affecting cash from operations:				
Share-based compensation		152,560		-
Loan receivable write-off		150,000		-
Loss on debt settlement		-		26,650
Changes in non-cash working capital:				
Tax recoverable		(51,223)		(14,725)
Prepaid expenses		(345,885)		-
Trade and other payables		405,660		(2,655)
Cash Flows Used in Operating Activities		(825,707)		(213,846)
Investing Activities				
Loan receivable		(150,000)		-
Cash Flows Used in Investing Activities		(150,000)		-
Financing Activities				
Exercise of warrants for common shares		1,333,333		-
Subscription receipts		234,700		-
Issuance of common shares for cash		-		1,000,000
Proceeds from notes payable		250,000		
Repayment of notes payable		-		(88,528)
Cash Flows Provided by Financing Activities		1,818,033		911,472
Change in Cash for the Year		842,326		697,626
Cash, Beginning of Year		704,747		7,121
Cash, End of Year	$	1,547,073	$	704,747

Supplemental cash flow information:

There were no amounts of cash paid for interest or income taxes for the years presented.

Clean Air Metals Inc.
(Formerly Regency Gold Corp.)
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share Capital					
	Number of shares	Share $	Share subscription received $	Reserves $	Deficit $	Total $
January 31, 2018	1,928,658	71,012,130	-	2,749,897	(74,095,152)	(333,125)
Issuance of common shares for cash	11,111,112	1,000,000	-	-	-	1,000,000
Issuance of common shares for debt	1,332,500	239,850	-	-	-	239,850
Loss for the year	-	-	-	-	(223,116)	(223,116)
January 31, 2019	14,372,270	72,251,980	-	2,749,897	(74,318,268)	683,609
Exercise of warrants	11,111,112	1,333,333	-	-	-	1,333,333
Share subscriptions received	-	-	270,500	-	-	270,500
Share issuance costs	-	-	(35,800)	-	-	(35,800)
Share-based payments	-	-	-	152,560	-	152,560
Loss for the year	-	-	-	-	(1,135,819)	(1,135,819)
January 31, 2020	**25,483,382**	**73,585,313**	**234,700**	**2,902,457**	**(75,454,087)**	**1,268,383**

1. Nature of Operations and Going Concern

Clean Air Metals Inc. (formerly Regency Gold Corp.) (the "Company") is a publicly traded company incorporated under the laws of the Province of British Columbia and continued under the Canada Business Corporations Act. The Company's shares are listed on the NEX board of the TSX Venture Exchange ("TSXV"). The corporate address of the Company is 1004 Alloy Drive, Thunder Bay, ON, P7B 6A5. The Company is engaged in the identification, acquisition, exploration and, if warranted, development of exploration and evaluation assets. The consolidated financial statements of the Company as at and for the year ended January 31, 2020, comprise the Company and its wholly-owned subsidiary, Silvio USA Inc.

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 business in the foreseeable future. The Company has incurred ongoing losses and has an accumulated deficit. The Company's ability to continue on a going concern basis beyond the next twelve months depends on its ability to raise additional financing and carry out its proposed exploration programs. The March 2020 pandemic outbreak of COVID-19 could cause delays in the exploration program and continue to have a negative impact on the stock markets, affecting trading prices of the Company's shares and its ability to raise new capital. Accordingly, these factors give rise to a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. Significant Accounting Policies and Basis of Presentation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these financial statements are based on the IFRS issued and outstanding as at May 21, 2020, the date the Board of Directors approved these consolidated financial statements for issue.

b) Functional and presentation currency

The presentation currency of the Company is the Canadian dollar.

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency") and has been determined for each entity within the Company. The functional currency of Clean Air Metals Inc. and the Company's subsidiary, Silvio USA Inc., is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates.*

c) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2. Significant Accounting Policies *(continued)*

c) Use of estimates and judgments *(continued)*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Share-based payment transactions

Management uses the Black-Scholes pricing model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

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 and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates* ("IAS 21"). Significant changes to those underlying factors could cause a change to the functional currency.

2. Significant Accounting Policies *(continued)*

c) Use of estimates and judgments *(continued)*

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by 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.

Impairment assessment of loan receivable

Application of the factors of impairment to the facts and circumstances pertaining to the loan receivable requires a significant amount of management judgment.

d) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Name of subsidiary	Place of incorporation	Proportion of ownership interest	Principal activity
Silvio USA Inc.	State of Nevada	100%	Dormant

e) Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year. The Company's reporting currency and the functional currency of all of its operations is the Canadian dollar, as this is the principal currency of the economic environment in which they operate.

f) Exploration and evaluation assets and expenditures

Upon acquiring the legal right to explore a property, all direct costs related to the acquisition of exploration and evaluation assets are capitalized. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development, are charged to profit or loss, net of recoveries.

Development expenditures incurred subsequent to a development decision, and to increase or extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property are charged to operations during the period such determination is made.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amounts may exceed the recoverable amounts.

2. Significant Accounting Policies *(continued)*

g) Restoration, rehabilitation and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a decommissioning liability is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with decommissioning as a liability when the liability is incurred and increases the carrying value of the related assets for that amount.

Subsequently, these capitalized decommissioning liabilities are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time and changes in the estimated future cash flows underlying any initial estimates.

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss. The Company had no decommissioning liabilities for the years presented.

h) Impairment

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

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

2. Significant Accounting Policies *(continued)*

j) Financial instruments – classification and fair value

(i) Financial assets at amortized cost

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost using the effective interest rate method. If there is objective evidence that the financial assets are impaired, determined by reference to external credit ratings and other relevant indicators, the financial assets are measured at the present value of estimated future cash flows. Any changes to the carrying amount of the financial asset, including impairment losses, are recognized through profit or loss. There are no assets classified in this category.

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

Financial assets carried at FVTOCI are financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and selling financial assets, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to deficit. The Company does not have any financial assets classified as FVTOCI.

(iii) Financial assets at fair value through profit or loss (“FVTPL”)

By default, all other financial assets are measured subsequently at FVTPL. Assets at FVTPL include cash.

Financial assets at FVTPL are initially recognized, and subsequently carried, at fair value with changes recognized in profit or loss. Attributable transaction costs are recognized in profit or loss when incurred.

(iv) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period end using expected credit loss (“ECL”) model. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization

2. Significant Accounting Policies *(continued)*

j) Financial instruments – classification and fair value *(continued)*

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of a trade or other receivable is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(v) De-recognition of financial assets

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all of the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

k) Financial liabilities and equity – classification and fair value

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or measured at amortized cost.

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

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

The Company has no financial liabilities classified through FVTPL and has classified trade and other payables and notes payable as financial liabilities measured at amortized cost.

l) Share capital

Common shares are classified as share capital. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

2. Significant Accounting Policies *(continued)*

m) Loss per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is calculated by dividing the earnings (loss) by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

In the Company's case, diluted loss per share is the same as basic loss per share, as the effect of outstanding stock options and share purchase warrants on loss per share would be anti-dilutive.

n) Share-based compensation

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. In situations where equity instruments are issued to individuals who are not considered to be employees and the fair value of the services received cannot be reliably measured, it will be measured at the fair value of the share-based compensation. Otherwise, the share-based compensation is measured at the fair value of the services rendered. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

o) Leases

The Company recognizes a right-of-use asset and a lease liability based on the present value of the future lease payments at the commencement date. The commencement date is when the lessor makes the leased asset available for use by the Company, typically the possession date. The discount rate used in the present value calculation for lease payments is the incremental borrowing rate for each leased asset or portfolio of leased assets with similar characteristics by reference to the Company's creditworthiness, the original term of the lease, the quality of the underlying leased asset, and the economic environment where the leased asset is located. The lease term is determined as the non-cancellable periods of a lease, together with periods covered by a renewal option if the Company is reasonably certain to exercise that option and a termination option if the Company is reasonably certain not to exercise that option.

Lease payments for short-term leases with a term of 12 months or less and leases of low-value assets are treated as operating leases, with rent expense recognized in cost of sales or selling, general and administrative expenses on a straight-line or other systematic basis.

2. Significant Accounting Policies *(continued)*

o) Leases *(continued)*

Lease liabilities are measured at the present value of future lease payments, discounted using the Company's incremental borrowing rates, and include the fixed payments, variable lease payments that depend on an index or a rate, less any lease incentives receivable. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest rate method. Lease liabilities are remeasured when there are changes to the lease payments, a change in lease term, a change in the assessment of an option to purchase the underlying asset, a change in expected residual value guarantee, or a change in future lease payments due to a change in index or rate tied to the payment.

Right-of-use assets are measured at the initial amount of the lease liabilities, lease payments made at or before the commencement date less any lease incentives received, initial direct costs if any, and decommissioning costs to restore the site to the condition required by the terms and conditions of the lease. Subsequent to initial measurement, the Company applies the cost model to the right of-use assets and measures the asset at cost less any accumulated depreciation, accumulated impairment losses in accordance with IAS 36, and any remeasurements of the lease liabilities. Assets are depreciated from the commencement date on a straight-line basis over the earlier of the end of the assets' useful lives or the end of the lease terms.

During the year ended January 31, 2020, all of the Company's leases are short-term leases with a term of 12 months or less and are recorded as operating leases.

p) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. Significant Accounting Policies *(continued)*

q) 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. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

r) New standards, interpretations and amendments

IFRS 16 Leases - IFRS 16 supersedes IAS 17 Leases and governs how leases will be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value.

On adoption of IFRS 16, the Company used the following additional practical expedients:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the exemption not to recognize right-of-use assets and lease liabilities for short-term leases with terms less than 12 months and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line or other systematic basis over the lease term;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Company chose to adopt the modified retrospective approach on transition to IFRS 16 on February 1, 2019. Accordingly, the comparative information presented for the prior period has not been restated and is presented as previously reported under IAS 17 and related interpretations. As at February 1, 2019, all of the Company's leases are short-term leases with a term of 12 months or less and recorded as operating leases. As such there was no effect of initial application recognized in retained earnings at February 1, 2019.

s) New standards, interpretations and amendments issued but not yet adopted

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2020, or later periods. The Company has not early adopted these new standards in preparing these financial statements. There new standards are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Prepaid Expenses

		2020		2019
Share purchase agreement (Note 14)	**$**	**250,000**	$	-
Acquisition-related costs (Note 14)		**81,464**		-
Management consulting fee (Note 7)		**7,500**		-
Legal fees		**5,421**		-
Consulting fees		**2,500**		-
Total	**$**	**346,885**	$	-

4. Trade and Other Payables

		2020		2019
Trade and other payables	$	**47,135**	$	21,931
Liabilities to related parties (Note 7)		**128**		6,700
Legal settlement payable (Note 13)		**250,000**		-
Accrued liabilities		**144,528**		7,500
Total	$	**441,791**	$	36,131

5. Notes Payable

The Company has notes payable to Blueberry Cobalt Project Corp totaling $250,000 (2019 - $nil), which are due on demand, unsecured, bear interest at a rate of 5% per annum, with no fixed terms of repayment. Interest expense in the amount of $2,397 was accrued for the year ended January 31, 2020 (2019 - $nil).

The Company has notes payable to shareholders totaling $1,323 (2019 - $1,323), which are due on demand, unsecured, bear interest at a rate of 12% per annum, with no fixed terms of repayment.

6. Share Capital and Reserves

a) *Authorized share capital*

An unlimited number of common shares without par value.

b) *Issued share capital*

Year ended January 31, 2020
During the year ended January 31, 2020, the Company issued an aggregate of 11,111,112 common shares pursuant to the exercise of 11,111,112 warrants for gross proceeds of $1,333,333. There was no value previously allocated to the warrants exercised.

As of January 31, 2020, the Company had received $270,500 in a share subscription.

Year ended January 31, 2019
On April 4, 2018, the Company completed a non-brokered private placement through the issuance of 11,111,112 units for gross proceeds of $1,000,000. Each unit consisted of one common share and one common share purchase warrant, exercisable at $0.12 until April 4, 2019. There was no carrying value allocated to the warrants.

On November 15, 2018, the Company issued an aggregate of 1,332,500 common shares at $0.18 to settle outstanding debt in the amount of $213,200. The common shares issued had a fair value of $239,850, and as a result the Company recorded a loss on settlement of $26,650. The outstanding debts were in respect to management fees due to its Chief Executive Officer and Chief Financial Officer which have been accrued, and to a consultant for past services rendered.

6. Share Capital and Reserves (continued)

c) Stock option compensation plan

The Board of Directors adopted a stock option incentive plan (the "Plan"), which has been approved by the Company's shareholders and the TSXV. Stock options may be granted to the Company's directors, senior officers, employees, consultants and consultant's companies. The stock option plan: (i) provides that the number of common shares reserved for issuance, within a one year period, to any one optionee, shall not exceed 5% of the outstanding common shares; (ii) provides the maximum number of common shares reserved for issuance pursuant to options granted may not exceed 10% of the issued common shares; and (iii) contains other provisions to ensure the stock option plan is compliant with stock exchange regulations. Vesting terms are determined by the Board of Directors.

On September 30, 2019, the Company granted an aggregate of 1,275,000 stock options to the directors and officers of the Company with an exercisable price of $0.12, a term of 5 years and which vested immediately (Note 7). The options were valued using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 1.4%, a forfeiture and dividend rate of Nil, and a volatility of 265%.

The continuity of stock options is as follows:

	January 31, 2020	
	Options Outstanding	Weighted Average Exercise Price
Opening balance	-	-
Granted	1,275,000	$0.12
Exercised	-	-
Expired/Cancelled	-	-
Ending balance	**1,275,000**	**$0.12**

As at January 31, 2020, the Company had incentive stock options enabling the holders to acquire further common shares as follows:

Expiry Date	**Options Outstanding**	**Options Exercisable**	**Weighted Average Exercise Price**	**Weighted Average Remaining Life**
			($)	**(years)**
September 30, 2024	1,275,000	1,275,000	0.12	4.67
	1,275,000	**1,275,000**	**0.12**	**4.67**

During the year ended January 31, 2020, the Company recognized $152,560 (2019 - $Nil) in share-based compensation.

6. Share Capital and Reserves (continued)

d) Warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	**Weighted Average Exercise Price**
		($)
Balance – January 31, 2018	-	-
Issued	11,111,112	0.12
Balance – January 31, 2019	11,111,112	0.12
Exercised	(11,111,112)	(0.12)
Balance – January 31, 2020	-	-

7. Related Party Transactions and Balances

The Company's related parties consist of directors and companies with directors and executive officers in common and companies owned in whole or in part by executive officers and directors.

Trade and other payable as at January 31, 2020 includes $128 (2019 - $6,700) owning to directors, officers, or companies they control. The amounts are non-interest bearing, unsecured and due on demand.

Prepaid expenses as at January 31, 2020 includes a $7,500 advance (2019 - $Nil) to directors, officers, or companies they control.

Compensation of key management personnel:

The remuneration of directors and other key management personnel during the years ended January 31, 2020 and 2019, was as follows:

		2020		2019
Consulting fees, CEO [(1)]	**$**	**25,000**	$	28,500
Bonus, CEO		**-**		30,000
Consulting fees, CFO [(2)]		**26,000**		24,000
Bonus, CFO		**-**		15,000
Consulting fees, Directors		**-**		20,000
Bonus, Directors [(3)]		**-**		10,000
Share-based compensation (Note 6)		**152,560**		-
Total	**$**	**203,560**	$	127,500

(1) As at January 31, 2020, $7,500 (2019 - $Nil) is advanced to Bill Radvak, for consulting fees, which is included in prepaid expenses.
(2) As at January 31, 2020, $128 (2019 - $2,200) remains payable to KMC Capital Corp., for consulting fees, which is included in trade and other payables.
(3) As at January 31, 2020, $Nil (2019 - $5,000) remains payable to Harold Punnett, for bonus earned, which is included in trade and other payables.

8. Segmented Information

The Company's operations are segmented on a regional basis and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been defined as the Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and evaluation. All of the Company's significant assets are held in Canada.

9. Management of Financial Risk

Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	**2020**	2019
Cash	FVTPL	**$ 1,547,073**	$ 704,747
Trade and other payables	Amortized cost	**297,263**	28,631
Notes payable	Amortized cost	**251,323**	1,323

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash is measured at fair value using level one as the basis for measurement in the fair value hierarchy.

Risk management

The Company's risk exposures and the impact on the Company's consolidated financial instruments are summarized as follows:

<u>Credit Risk</u>
Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits the exposure to credit risk in its cash by only holding its cash with high-credit quality financial institutions in business and/or savings accounts.

10. Management of Financial Risk (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next ninety days. The Company is exposed to liquidity risk.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk: Management has determined that the Company is not exposed to any significant interest rate risks.

(b) Foreign Currency Risk: The Company has identified its functional currency as the Canadian dollar. Management believes the foreign exchange risk related to currency conversions are minimal and therefore, does not hedge its foreign exchange risk.

(c) Commodity Price Risk: Management has determined that the Company is not exposed to any significant commodity price risks.The Company does not have any hedging or other commodity based risks in respect to its operational activities.

11. Management of Capital

The Company manages its equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of exploration and evaluation assets, pursue its exploration activities, and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in an interest bearing Canadian chartered bank account, where possible.

There have been no changes to the Company's approach to capital management during the year ended January 31, 2020. The Company is not subject to externally imposed capital requirements.

12. Income Taxes

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2020	2019
	$	$
Loss for the year	(1,136,000)	(223,000)
Expected income tax (recovery) – 27% (2018 – 26%)	(305,000)	(57,000)
Change in statutory, foreign tax, foreign exchange rates and other	(12,000)	(2,000)
Effect of changes in income tax rates	-	29,000
Change in unrecognized deductible temporary differences	317,000	30,000
Total income tax expense (recovery)	-	-

The significant components of the Company's unrecorded deferred tax assets are as follows:

	2020	2019
	$	$
Deferred Tax Assets		
Share issuance costs	8,000	-
Equipment	1,000	1,000
Capital losses	21,000	-
Non-capital losses available for future periods	896,000	608,000
	926,000	609,000
Unrecognized deferred tax assets	(926,000)	(609,000)
Net deferred tax assets	-	-

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2020	Expiry Date Range	2019	Expiry Date Range
	$		$	
Temporary Differences				
Share issuance costs	29,000	No expiry date	-	-
Equipment	2,000	No expiry date	2,000	No expiry date
Capital losses	76,000	No expiry date	1,000	No expiry date
Non-capital losses available for future periods	3,483,000	2021 - 2040	2,416,000	2021 - 2039
Canada (27%) (2019 – 27%)	2,743,000	2027 – 2040	1,682,000	2027 – 2039
USA (21%) (2019 – 21%)	740,000	2021 – 2040	735,000	2021 – 2039

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. Legal Proceedings

On February 8, 2019, the Company entered into a definitive agreement to acquire Vanadium North Resources Inc. ("Vanadium North"), pursuant to which the Company has agreed to acquire all of the issued and outstanding common shares of Vanadium North. Vanadium North is a privately-owned Canadian mining company that holds the Valley of Vanadium project in the Northwest Territories. The 9,600-hectare project comprises wholly owned claims in addition to an option to acquire 100 per cent of mining claims owned by Strategic Metals Ltd. ("Strategic Metals"), previously known as the Van project. Strategic Metals and Vanadium North are arm's-length parties to each other.

Strategic Metals will retain a 2-per-cent net smelter return royalty on any commercial production from the property, one-half of which may be purchased for a payment of $1-million any time prior to the commencement of commercial production. Upon completion of the acquisition: (a) the Company will own 100 per cent of Vanadium North in consideration for the issuance to Vanadium North shareholders of an aggregate of 13,995,985 common shares in the capital of the Company; and (b) the Company will issue 7.5 million common shares to Strategic Metals.

On March 26, 2019, the Company issued an interest-free loan to Vanadium North in the amount of $150,000 to be used to finance exploration and for general working capital purposes. The loan is secured by the assets of Vanadium North and is repayable in cash and on demand, subject to closing the Vanadium North acquisition, at which time the borrower shall have no further obligation to repay the loan.

On July 18, 2019, the Company terminated the definitive agreement with Vanadium North (the "Termination") and provided notice to Vanadium North regarding the return of the loaned finances.

On July 24, 2019, the Company was served with a notice of civil claim (the "Claim") filed with the Supreme Court of British Columbia by Vanadium North naming the Company as a defendant. The Claim alleged that the Termination did not occur in accordance with the definitive agreement.

On November 1, 2019, the Company entered into a Mutual Release and Settlement Agreement with Vanadium North whereby the Company agreed to forgive the $150,000 loan previously issued to Vanadium North and issue a payment of $250,000 in cash by March 1, 2020. The Company accrued a liability of $250,000 in relation to this matter and wrote off the loan receivable balance. Subsequent to year end, the Company made $250,000 settlement payments to Vanadium North.

14. Subsequent Events

Subsequent to the year ended January 31, 2020, the following significant transactions occurred:

a) On March 11, 2020, various authorities declared a pandemic related to COVID 19 resulting in restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. These restrictions are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates.

   The Company believes that these potential delays are temporary and it expects to resume its pursuits as restrictions are alleviated. To date, the Company has experienced some labor and supply shortages due to COVID-19 during the planning phase of its proposed exploration program. Despite the shortages, the Company was able to procure the necessary contractors, equipment and supplies required in order to commence its planned exploration program, however if shortages continue to persist or worsen, it may have a material impact on the Company's operations and exploration plans.

14. Subsequent Events *(continued)*

b) In February 2020, the Company issued subscription receipts under a private placement (the "Private Placement") for 75,000,000 units at $0.20 per unit for aggregate gross proceeds of $15,000,000. Each unit consists of one common share and one-half common share purchase warrant of the Company exercisable at $0.30 per share for a period of 24 months. The subscription receipts are convertible into units upon satisfaction of certain conditions, including the closing of the proposed acquisitions outlined in Note 14 (d) below and TSXV approval.

   In February 2020, The Company granted an aggregate of 4,312,500 compensation options as consideration for services provided by the agents in connection with the Private Placement with an exercise price of $0.20 per unit, a term of 24 months and immediate vesting. Each compensation option will allow the holder to purchase one unit of the Company which consists of one common share and one-half common share purchase warrant exercisable at $0.30 per share for a period of 24 months.

   In May 2020, the Company met all conditions to convert the subscription receipts issued under the Private Placement, resulting in the issuance of 75,000,000 common shares and 37,500,000 common share purchase warrants exercisable at $0.30 for a period of 24 months.

c) In May 2020, The Company granted an aggregate of 7,565,000 incentive stock options to the directors, officers, employees and consultants of the Company with an exercise price of $0.20 per unit and a term of 60 months. The options are subject to vesting provisions as follows: 25% of the options vest on the grant date; 25% of the options vest 6 months after the grant date; and 50% of the options vest 12 months after the grant date.

d) In May 2020, the Company completed the acquisition of its option to acquire a 100% right, title and interest in and to the Escape Lake Property (the "Escape Lake Property"), subject to a 1% net smelter return royalty to be retained by Rio Tinto Exploration Canada Inc. ("RTEC"), pursuant to the terms of a definitive option agreement (the "Option Agreement") entered into with Benton Resources Inc. ("BEX") on January 6, 2020 and as amended on January 27, 2020. Concurrently, and pursuant to the terms of a definitive share purchase agreement (the "PAN Agreement") entered into with Magma Metals Pty Ltd. ("Magma"), dated January 6, 2020, the Company also completed the acquisition of 100% of Panoramic Resources Limited's indirect subsidiary, Panoramic PGMs (Canada) Ltd. ("Pan Subsidiary"), which owns the Thunder Bay North Project ("TBN Project"). The Option Agreement is conditional on BEX exercising its pre-existing option to acquire the Escape Lake Property from RTEC. In addition, BEX also assigned to the Company its rights under a letter of intent previously entered into with Panoramic Resources Ltd. ("PAN") pursuant to which BEX acquired the right to acquire 100% of the PAN Subsidiary, which owns the Thunder Bay North Project (the "TBN Project").

   <u>Option Agreement</u>

   Under the Option Agreement in order to acquire a 100% right, title and interest in the Escape Lake Property from BEX (subject to BEX exercising its pre-existing option with RTEC) and BEX's rights to acquire a 100% right, title and interest in the TBN Project, the Company must complete the following:

   i) enter into a definitive share purchase agreement (the "PAN Agreement") with Magma Metals PTY LTD ("Magma"), a wholly-owned subsidiary of PAN, and make an initial $250,000 payment. These requirements have both been completed on January 6, 2020;

14. Subsequent Events (continued)

ii) issue to BEX an aggregate of 24,615,884 common shares (the "Consideration Shares") in the capital of the Company. The Consideration Shares were issued on May 14, 2020;

iii) fulfill all the remaining payments to RTEC under the terms of an option agreement (the "RTEC Agreement") dated October 9, 2019, between RTEC and BEX required in order for BEX to exercise BEX's option to earn a 100% interest in the Escape Lake Property. These payments are set out under the RTEC Agreement paragraph below;

iv) fulfill all the remaining payments under the terms of the PAN Agreement. These payments are set out under the PAN Agreement paragraph below; and

v) grant to BEX a 0.5% net smelter return royalty from production on the Escape Lake Property and a 0.5% net smelter return royalty from production on any mineral claims comprising the TBN Project over which a net smelter royalty has not previously been granted.

The RTEC Agreement

Under the RTEC Agreement, BEX was granted an option to acquire 100% ownership interest in Escape Lake Property, subject to a 1% net smelter return royalty to be retained by RTEC, in exchange for payment of $6 million by BEX to RTEC over a three-year period, as follows:

i) $3 million due on signing, immediately following receipt of regulatory approval (this amount has been paid by BEX resulting in the issuance of the Consideration Shares to BEX);
ii) $1 million on or before October 9,2020;
iii) $1 million on or before October 9,2021; and
iv) $1 million on or before October 9, 2022.

The Company has assumed and is bound and shall perform the obligations of BEX under the RTEC Agreement.

The PAN Agreement

Under the PAN Agreement, the Company has the right to acquire a 100% ownership interest in the PAN Subsidiary, the subsidiary of Magma that holds the TBN Project, in exchange for payment of $9 million by the Company to PAN over a three-year period, as follows:

i) $4.5 million due on closing of the acquisition of the TBN Project. This amount was paid on May 14, 2020;
ii) $1.5 million on the first anniversary of the closing of the acquisition of the TBN Project;
iii) $1.5 million on the second anniversary of the closing of the acquisition of the TBN Project; and
iv) $1.5 million on the third anniversary of the closing of the acquisition of the TBN Project.

The Company has made the initial payment of $250,000 to PAN by a third-party deposit which has been credited to the purchase price, and extends the proposed closing of the acquisition and the initial payment of $4.5 million, by 60 days.

14. Subsequent Events (continued)

In addition, the Company has the ability to get up to three additional 30-day extensions by making a $10,000 payment for each extension. The Consideration Shares issued by the Company to BEX shall not exceed 19.68% of the issued share capital of the Company and are subject to a four-month and one day "hold period" from the date of issuance.

e) In May 2020, an aggregate of 1,200,000 incentive stock options were exercised for gross proceeds of $144,000.