



**NEW TECH  
MINERALS  
CORP.**

**Consolidated Financial Statements**

For the years ended July 31, 2020 and 2019  
(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of New Tech Minerals Corp.

### Opinion

We have audited the consolidated financial statements of New Tech Minerals Corp. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2020 and 2019, and the consolidated statements of comprehensive loss, cash flow and changes in shareholders' equity (deficit) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2020 and 2019, and its financial performance and its cash flows for the years 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 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 Management's Discussion and Analysis.

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

In connection with our audit of the 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, 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 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.

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

The engagement partner on the audit resulting in this independent auditor's report is Cherry Ho.

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**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

November 20, 2020



An independent firm  
associated with Moore  
Global Network Limited

**NEW TECH MINERALS CORP.**Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)

	Note	July 31, 2020	July 31, 2019
<b>ASSETS</b>		\$	\$
<b>Current</b>			
Cash		1,154	99,928
Prepaid expenses	14	35,742	14,824
GST receivable		4,046	19,996
Marketable securities	4,5	-	40,738
<b>Total current assets</b>		40,942	175,486
<b>Non-current assets</b>			
Exploration and evaluation assets	4	-	855,086
<b>Total non-current assets</b>		-	855,086
<b>Total assets</b>		40,942	1,030,572
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6,8	81,477	33,890
Due to related parties	8	32,585	25,658
<b>Total liabilities</b>		114,062	59,548
<b>SHAREHOLDERS' (DEFICIT) EQUITY</b>			
<b>Equity attributable to shareholders</b>			
Share capital	7	9,092,368	9,000,768
Share-based payment reserve	7	1,451,298	1,451,298
Warrant reserve	7	810,627	748,627
Foreign translation reserve		323,605	303,896
Accumulated deficit		(11,751,018)	(10,533,565)
<b>Total (deficit) equity</b>		(73,120)	971,024
<b>Total liabilities and equity</b>		40,942	1,030,572

Going concern – Note 1

Commitments – Note 9

Subsequent event – Notes 4 and 14

On behalf of the board:

*“John A. Greig”*

John A. Greig

*“Jonathan George”*

Jonathan George

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

**NEW TECH MINERALS CORP.**Consolidated Statements of Comprehensive Loss  
(Expressed in Canadian Dollars)

	Note	2020	2019
		\$	\$
<b>General and administrative expenses</b>			
Consulting fees	8	12,293	204,875
Foreign exchange loss (gain)		256	(3,586)
Interest expense and bank charges		2,353	2,711
Investor relations, website and marketing		(509)	16,457
Management fees	8	60,000	30,000
Office and administration		15,033	12,338
Professional fees	8	76,763	126,635
Project investigation		-	330
Share-based payments		-	37,857
Transfer agent and filing fees		27,810	35,803
Travel and entertainment		403	17,372
		(194,402)	(480,792)
<b>Other income (expenses)</b>			
Gain on settlement of debt	6	-	22,906
Gain (loss) on sale of marketable securities	5	12,033	(39,598)
Other income	4	4,068	-
Impairment of mineral property	4	(1,039,152)	(144,717)
<b>Net loss</b>		(1,217,453)	(642,201)
<b>Other comprehensive income (loss)</b>			
Foreign currency translation		19,709	(5,578)
<b>Total comprehensive loss</b>		(1,197,744)	(647,779)
<b>Loss per share, basic and diluted</b>		(0.04)	(0.02)
<b>Weighted average common shares outstanding basic and diluted</b>		<b>32,466,635</b>	<b>27,940,746</b>

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

**NEW TECH MINERALS CORP.**Consolidated Statements of Cash Flows  
(Expressed in Canadian Dollars)

	2020	2019
	\$	\$
Cash provided by (used in):		
<b>Operating activities:</b>		
Net loss for the year	(1,217,453)	(642,201)
Non-cash items:		
Gain on settlement of debt	-	(22,906)
(Gain) loss on sale of marketable securities	(12,033)	39,598
Share-based payments	-	37,857
Impairment of mineral property	1,039,152	144,717
Changes in non-cash working capital:		
GST receivable and accounts receivable	15,950	29,041
Prepaid expenses	(20,918)	58,906
Accounts payable and accrued liabilities	52,683	(62,638)
Due to related parties	6,927	(7,638)
	(135,692)	(425,264)
<b>Investing activities:</b>		
Exploration and evaluation assets	(163,337)	(498,254)
Proceeds from sale of marketable securities	47,675	56,522
Proceeds from sale of mineral property	-	56,906
	(115,662)	(384,826)
<b>Financing activities:</b>		
Shares issued for cash (net of share issue costs)	150,600	602,700
	150,600	602,700
Net change in cash	(100,754)	(207,390)
Effect of exchange rate changes	1,980	(8,631)
Cash, beginning of year	99,928	315,949
<b>Cash, end of year</b>	<b>1,154</b>	<b>99,928</b>
<b>Non-cash transactions</b>		
Shares issued for acquisition of mineral properties	3,000	78,000
Shares received on sale of mineral property	-	56,108
Marketable securities transferred to pay off accounts payable	5,096	-

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

**NEW TECH MINERALS CORP.**

## Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Expressed in Canadian Dollars)

	Notes	Common Shares		Share- based	Warrant	Foreign	Accumulated	Total
		Number of	Amount	Payment	Reserve	Translation	Deficit	
		Shares	\$	\$	\$	\$	\$	\$
Balance on July 31, 2018		23,247,449	8,505,078	1,413,441	563,617	309,474	(9,891,364)	900,246
Shares issued for private placement	7	6,167,000	431,690	-	185,010	-	-	616,700
Share issue costs	7	-	(14,000)	-	-	-	-	(14,000)
Shares issued for mineral properties	4,7	1,100,000	78,000	-	-	-	-	78,000
Share-based payments	7	-	-	37,857	-	-	-	37,857
Net loss for the year		-	-	-	-	-	(642,201)	(642,201)
Foreign currency translation		-	-	-	-	(5,578)	-	(5,578)
<b>Balance on July 31, 2019</b>		<b>30,514,449</b>	<b>9,000,768</b>	<b>1,451,298</b>	<b>748,627</b>	<b>303,896</b>	<b>(10,533,565)</b>	<b>971,024</b>
Shares issued for mineral properties	4,7	100,000	3,000	-	-	-	-	3,000
Shares issued for private placement	7	3,100,000	93,000	-	62,000	-	-	155,000
Share issue costs		-	(4,400)	-	-	-	-	(4,400)
Net loss for the year		-	-	-	-	-	(1,217,453)	(1,217,453)
Foreign currency translation		-	-	-	-	19,709	-	19,709
<b>Balance on July 31, 2020</b>		<b>33,714,449</b>	<b>9,092,368</b>	<b>1,451,298</b>	<b>810,627</b>	<b>323,605</b>	<b>(11,751,018)</b>	<b>(73,120)</b>

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

**NEW TECH MINERALS CORP.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended July 31, 2020 and 2019**  
**(Expressed in Canadian Dollars)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

New Tech Minerals Corp. (the “Company” or “New Tech”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on June 5, 2006.

Effective August 12, 2020, the Company completed a consolidation of the common shares on a basis of 2 pre-consolidation common shares for 1 post-consolidation common share (the “Consolidation”). On the Consolidation date, the number of pre-consolidation common shares was 67,428,896. The Consolidation resulted in the number of post-consolidation common shares being 33,714,449. All references to share capital, common shares outstanding, and per share amounts in these consolidated financial statements and the accompanying notes for periods prior to the Consolidation have been restated to reflect the Consolidation.

The Company’s principal activities include the acquisition and development of potash, lithium, cobalt, vanadium and bromine mineral deposits in the United States and elsewhere.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at July 31, 2020, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral properties exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares.

Should the Company be unable to continue as a going concern, asset realization values may be substantially different from their carrying values. These consolidated financial statements do not give effect to adjustments that would be necessary to carrying values, and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

New Tech is a public company which is listed on the Canadian Securities Exchange (“CSE”) under the symbol “NTM”.

The Company’s head office and registered and records office is Suite 880 – 580 Hornby Street, Vancouver, BC V6C 3B6.

**COVID-19**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time, but management continues to monitor the situation.

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**2. BASIS OF PREPARATION**

**Statement of compliance and functional currency**

These consolidated financial statements have been presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments classified as at fair value through profit or loss have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars which is the parent company’s functional currency. The functional currency of the Company’s subsidiary, American Potash, is US dollars.

The currency translation adjustment resulting from the translation of the subsidiary’s US dollar functional currency to the Company’s Canadian dollar presentation currency is charged to other comprehensive income or loss, and included in the foreign translation reserve within the equity section of the statement of financial position. Details of controlled entities are as follows:

	Country of Incorporation	Percentage Owned	Principal Activity
American Potash LLC	United States	100%	Mineral exploration
Sweetwater Resources LLC	United States	100%	Prospecting permit applications

The accounts of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated.

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

These consolidated financial statements were approved by the board of directors on November 20, 2020.

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### **3. ACCOUNTING POLICIES**

These consolidated financial statements have been prepared using the following accounting policies:

#### **Financial Instruments**

##### **a) Classification**

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.

Cash and marketable securities are classified as FVTPL. Accounts receivable, accounts payable, and due to related parties are classified as amortized cost.

#### **Measurement**

##### ***Financial assets at FVTOCI***

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

##### ***Financial assets and liabilities at amortized cost***

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

##### ***Financial assets and liabilities at FVTPL***

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. 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 consolidated statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in profit and loss.

##### **b) 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 in the consolidated statements of net (loss) income, 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.

### **3. ACCOUNTING POLICIES (continued)**

#### **Financial instruments (continued)**

#### **c) Derecognition**

##### ***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 the consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

##### ***Financial liabilities***

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets.

#### **Exploration and evaluation assets**

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. Costs incurred before the Company has obtained the legal right to explore an area are recognized in profit and loss. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of permanent impairment.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production of proceeds of disposition.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration costs is not expected to be recovered, it is charged to the results of operations.

#### **Decommissioning and rehabilitation liabilities**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

### **3. ACCOUNTING POLICIES (continued)**

#### **Decommissioning and rehabilitation liabilities (continued)**

The Company's estimates of restoration 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 asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. These changes are recorded directly to the related asset with a corresponding entry to the provision.

The increase in the restoration provision due to the passage of time is recognized as interest expense. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the consolidated statement of comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets. The Company did not have any decommissioning and restoration obligations at July 31, 2020 and 2019.

#### **Impairment of long-lived assets**

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

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**3. ACCOUNTING POLICIES (continued)**

**Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the consolidated financial statements and are disclosed in the notes to the consolidated financial statements unless their occurrence is remote. Contingent assets are not recognized in the consolidated financial statements, but are disclosed in the notes to the consolidated financial statements when there is a transfer of resources or obligations between related parties.

**Share-based payments**

The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in share based payment reserve. 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.

For employees, the fair value is measured at grant date and each tranche is recognized on a graded-vesting basis 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 actual number of share options that are expected to vest.

Share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the options granted at the date the Company receives the goods or the services using the Black-Scholes Option Pricing Model.

**Warrants issued in equity financing transactions**

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated in the transaction. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units.

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**3. ACCOUNTING POLICIES (continued)**

**Warrants issued in equity financing transactions (continued)**

The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any value attributed to the warrants is recorded in the warrant reserve.

**Financing costs**

The costs related to equity transactions are accounted for as a deduction from equity. Transaction costs of abandoned equity transactions are expensed in the consolidated statement of comprehensive loss.

**Loss per share**

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of outstanding shares for the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes 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 periods where a net loss is reported all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

**Income taxes**

Income taxes comprises both current and deferred tax. Income tax is recognized in the statement of loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the income tax is also recognized in other comprehensive income or directly in equity.

Current income taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to taxes payable in respect of previous years.

The Company accounts for potential future net tax assets which are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, no net asset is recognized. No potential income tax assets of the Company have been recognized.

### **3. ACCOUNTING POLICIES (continued)**

#### **Critical judgments in applying accounting policies**

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies with the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

#### **a) Going concern**

In preparing these consolidated financial statements on a going concern basis, as is disclosed in Note 1 of these consolidated financial statements, Management's critical judgment is that the Company will be able to meet its obligations and continue its operations for the next twelve months.

#### **b) Impairment of mineral properties**

Expenditures on mineral properties are capitalized. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of a mineral property exceeds its recoverable amount. The recoverability of amounts shown as mineral properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. Management reviews the carrying values of its mineral properties on an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs in respect of the Company's mineral properties may not be recoverable and there is a risk that these costs may be written down in future periods.

#### **c) Functional currency**

The functional currency for each of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgments to determine the primary economic environment of an entity and this is re-evaluated for each new entity following an acquisition, or if events and conditions change.

#### **Key sources of estimation uncertainty**

The preparation of consolidated financial statements requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on the Company's consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

### **3. ACCOUNTING POLICIES (continued)**

#### **Key sources of estimation uncertainty (continued)**

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

#### **a) Deferred income taxes**

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

#### **b) Share-based payments**

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and are expensed to the statement of loss and comprehensive loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility, expected life of the option, risk free interest rates, and forfeiture rates. Changes in these input assumptions can significantly affect the fair value estimate.

#### **Accounting standards issued but not yet effective**

Accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's consolidated financial statements.

#### **Changes in accounting policies**

#### **a) IFRS 16 – Leases. IFRS 16 Leases replaced IAS 17 Leases**

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard is effective for annual periods beginning on or after January 1, 2019. Therefore, the Company adopted this standard on August 1, 2019.

The adoption of IFRS 16 *Leases* did not have an impact on the Company's consolidated financial statements.

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#### **4. EXPLORATION AND EVALUATION ASSETS**

##### **Paradox Basin Potash Project**

In May 2009, and amended on November 2, 2010, December 6, 2011, January 28, 2014, February 23, 2015 and November 4, 2015, American Potash entered into an option agreement (the "Sweetwater Option") to acquire applications to the United States Bureau of Land Management ("BLM") in respect of certain Utah permits, together with all permits and other rights issued pursuant to the applications, to allow for the exploration of potash prospects in Utah. A director of the Company is a party to the Sweetwater Option.

On January 31, 2014, fourteen prospecting permits were formally signed and delivered to the Company, with an effective date of March 1, 2014; thereby initiating the Sweetwater Option period.

During the year ended July 31, 2015, the fourteen prospecting permits expired. Sweetwater River Resources LLC ("Sweetwater") applied to the BLM for 12 new potash prospecting permits that encompass the same area as the original permits that expired. During the year ended July 31, 2015, no permits had been granted and as such the expired permits were impaired and fully written-off.

On September 21, 2015, the Company's petition to the Federal Bureau of Land Management for reinstatement of 12 potash prospecting permits by Sweetwater was denied. Consequently, Sweetwater has applied to the BLM for 12 new potash prospecting permits analogous to and encompassing the same area as the original 12 prospecting permits. The permits have not yet been issued. The Company will maintain its right to acquire a 100% interest in the 12 new potash prospecting permits through continuance of the option agreement with Sweetwater. The Company was required to pay USD\$75,000 within 30 days of new prospecting permits begin granted by the BLM. During the year ended July 31, 2019, the Company had advanced a total of USD\$36,000.

The Company also controls the mineral exploration rights for eleven Utah State Mineral leases covering 7,050 acres all within the 27,331-acre federal potash prospecting permit application area.

On June 26, 2019, the Company signed a Membership Interest Purchase Agreement to purchase 100% of Sweetwater for USD\$1,500 plus the outstanding option payment of USD\$37,500. Upon making these payments, the Company has satisfied all conditions of the Sweetwater Option. In accordance with IFRS 3 Business Combinations, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. This acquisition does not meet the definition of a business, as the primary asset is the mineral property. Therefore, this transaction has been recorded as an acquisition of an asset. Sweetwater has no other assets or liabilities other than the mineral property held.

As at July 31, 2020, the Paradox Basin Potash Project is comprised of 11 State of Utah mineral leases, covering 7,050 acres and 12 Federal Prospecting Permit Applications covering 27,331 acres. On March 3, 2020, 9 of the Potash and Mineral Salts Leases from the State of Utah were extended for a period of 10 years, subject to certain annual payment obligations.

As at July 31, 2020, the Company assessed the likelihood to receive the prospecting permits was low. Therefore, the Company has written off the Paradox Basin Potash Project value to \$nil.

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Paradox Basin Potash Project Expenditures**

	Year ended July 31, 2020	Year ended July 31, 2019
Mineral acquisition costs:	\$	\$
Balance, beginning	1	1
Impairment	(1)	-
Balance, ending	-	1
Exploration and evaluation expenditures:		
Balance, beginning	427,647	293,923
Bonding	14,808	10,312
General administration	36,358	21,489
Option payments	-	100,254
Federal permit	95,163	-
Foreign exchange translation	7,963	1,668
Impairment	(581,939)	-
Balance, ending	-	427,646
Total	-	427,647

**Paradox Basin Brine Project**

On August 23<sup>rd</sup>, 2016, 157 placer claims on BLM land covering 3,140 acres, were acquired in Grand County Utah, which overlay a large portion of the Federal Potash Permit Applications area.

During the year ended July 31, 2017, the Company acquired an additional 147 placer claims on BLM-controlled land covering 2,960 acres and contiguous with the previously held placer claims in Grand County, Utah.

On April 11, 2017, as amended on October 18, 2017 the Company closed a joint venture earn-in option agreement with Power Metals Corp. ("Power Metals") to explore and develop lithium brines beneath the Company's existing lithium claims and Utah state lithium leases. The agreement entitles Power Metals to earn up to 65% of all of the Company's lithium holdings in Utah by completing the following:

- Finance and complete two exploration wells targeting lithium brine occurrences beneath the Company's U.S. federal lithium claims and/or its Utah state lithium leases; the drill rig must be mobilized on site for the first well within year of the definitive agreement signing date and the second well within one year of the definitive agreement signing date;
- Deliver to American Potash a cash deposit of USD\$250,000 within 90 days of the definitive agreement signing date (subsequently deleted on amendment on October 18, 2017); and

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Paradox Basin Brine Project (continued)**

- Issue 1,000,000 common shares of Power Metals to the Company; shares will be issued according to the following schedule: one-third 180 days after the definitive agreement date, one-third after 270 days of the definitive agreement date and one-third on the first anniversary of the definitive agreement date (received).

On June 7, 2017, the Company received 1,000,000 shares of Power Metals (PWM) from the joint venture earn-in option agreement with Power Metals. The fair value of the shares at acquisition date and at July 31, 2017 were \$280,000 and recorded as a reduction to the mineral properties.

On September 26, 2017, the Company's joint venture partner, Power Metals, signed a definitive agreement with MGX Minerals Inc. ("MGX").

The transaction terms were as follows:

- MGX acquires all of Power Metals' current U.S. petrolithium brine assets.
- MGX acquires a 20% working interest in all of Power Metals' current hard-rock assets and any future assets that Power Metals acquires for the following 36 months.
- MGX has the right to purchase an additional 15% working interest of Power Metals' hard-rock assets for a period of 36 months for a total of USD\$10,000,000.
- MGX receives a call option to purchase up to 10,000,000 common shares of Power Metals at a price of \$0.65 per share for a period of 36 months.
- MGX pays to Power Metals 3,000,000 common shares of MGX.

On October 26, 2017, the Company signed a six-month extension agreement with MGX. This extension applies to its joint venture option agreement dated April 3, 2017. The extension agreement extends the financing requirement of the first well to March 31, 2018, and the second well to 12 months after September 30, 2018. The Company also waived the requirement of the USD\$250,000 deposit which was included in its April 3, 2017 agreement. During the year ended July 31, 2018, the Company terminated the option agreement with MGX.

The Paradox Basin Brine Project is made up of 304 Federal Placer Mineral claims covering 6,100 acres. Subsequent to the year ended July 31, 2020, the Company elected to allow Federal placer mineral claims to lapse due to escalating annual fees levied by the Bureau of Land Management (BLM). Therefore, as at July 31, 2020, the Company had written off the Paradox Basin Brine Project value to \$nil.

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Paradox Basin Brine Project Expenditures**

	Year ended July 31, 2020	Year ended July 31, 2019
Mineral acquisition costs:	\$	\$
Balance, beginning	-	-
Balance, ending	-	-
Exploration and evaluation expenditures:		
Balance, beginning	265,787	70,441
General administration	-	8,607
Federal permit	626	186,868
Foreign exchange translation	5,905	(129)
Impairment	(272,318)	-
Balance, ending	-	265,787
Total	-	265,787

**Tule Cobalt Project**

On October 12, 2018 and amended on September 9, 2019, the Company entered into an agreement to acquire the Tule cobalt prospect, consisting of eight U.S. federal lode mining claims comprising 160 acres, located in Pershing County, Nevada.

The Company is required to pay USD\$100,000 and issue 250,000 common shares of the Company as follows:

Cash (USD)	Shares	Date
10,000	50,000	October 12, 2018 (paid and issued)
10,000	100,000	first anniversary of the closing date (paid and issued)
40,000	50,000	second anniversary of the closing date
40,000	50,000	third anniversary of the closing date

In addition to the consideration above, USD\$500,000 in exploration expenditures must be carried out as follows:

- USD\$50,000 by the first anniversary of the closing date;
- USD\$100,000 by the second anniversary of the closing date;
- USD\$150,000 by the third anniversary of the closing date; and
- USD\$200,000 by the fourth anniversary of the closing date.

Concurrently with signing of the option agreement, the Company signed a royalty agreement with the optionor, who retains a 2% net smelter return. The Company can buy one-half of the royalty (1%) for USD\$1,000,000 at any time during the term of the option or during the commercial production of the property.

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Tule Cobalt Project (continued)**

**Termination of the Tule Cobalt option agreement**

Subsequent to year ended July 31, 2020, the Company terminated the Tule Cobalt option agreement. Therefore, the Company determined that the property was impaired and wrote off the property at July 31, 2020.

**Tule Cobalt Project Expenditures**

	<b>Year ended July 31, 2020</b>	<b>Year ended July 31, 2019</b>
Mineral acquisition costs:	\$	\$
Balance, beginning	17,276	-
Acquisition of claims	16,522	17,276
Impairment	(33,798)	-
Balance, ending	-	17,276
Exploration and evaluation expenditures:		
Balance, beginning	22,407	-
General administration	202	22,667
Federal permit	1,924	-
Foreign exchange translation	947	(260)
Impairment	(25,480)	
Balance, ending	-	22,407
Total	-	39,683

**Missouri Property**

On May 18, 2018, the Company signed an arm's-length option agreement with John Glasscock of Laramie, Wyoming, to acquire four federal prospecting permit applications covering 9,406 acres located adjacent to and immediately south of the Fredericktown lead-copper-nickel-cobalt subdistrict of the historic Old Lead belt in Madison county, southeast Missouri, United States.

The Company is required to pay USD\$30,000 and issue 800,000 common shares of the Company as follows:

<b>Cash (USD)</b>	<b>Shares</b>	<b>Date</b>
6,500	-	May 18, 2018 (paid)
23,500	175,000	May 22, 2018 (paid and issued)
-	125,000	May 28, 2019 (issued)
-	125,000	second anniversary of the closing date
-	125,000	third anniversary of the closing date
-	125,000	fourth anniversary of the closing date
-	125,000	fifth anniversary of the closing date

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Missouri Property (continued)**

Concurrently with signing of the Missouri option agreement, the Company signed a royalty agreement with the optionor, who retains a 2% net smelter return. The Company can buy one-half of the royalty (1 per cent) for USD\$1,000,000 at any time during the term of the option and for a period of 10 years thereafter.

**Termination of the Missouri option agreement**

On May 21, 2020, the Company and its wholly-owned subsidiary, American Potash LLC, terminated the Missouri option agreement. Therefore, the Company determined that the property was impaired and wrote off the property.

**Missouri Property Expenditures**

	<b>Year ended July 31, 2020</b>	<b>Year ended July 31, 2019</b>
Mineral acquisition costs:	\$	\$
Balance, beginning	66,305	62,623
Acquisition of claims	-	3,682
Impairment	(66,305)	-
Balance, ending	-	66,305
Exploration and evaluation expenditures:		
Balance, beginning	55,664	36,021
General administration	734	18,796
Foreign exchange translation	2,913	847
Impairment	(59,311)	-
Balance, ending	-	55,664
Total	-	121,969

**Buena Vista Hills Cobalt Property**

On May 15, 2018, the Company signed an arm's-length definitive agreement to lease the mineral rights for the Buena Vista Hills cobalt property located in Pershing County (Nevada), which contains known significant cobalt mineralization.

On October 19, 2018, the Company entered into an amended option agreement for the Buena Vista Project to include an additional 12 unpatented mining claims. Additional consideration includes USD\$18,000 in cash and 50,000 in shares.

On February 12, 2019, the Company amended the option agreement for the Buena Vista Project to amend the exploration expenditures required.

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Buena Vista Hills Cobalt Property (continued)**

The final terms of the amended option agreement are described below:

<b>Item</b>	<b>Cash (USD)</b>	<b>Shares</b>	<b>Date</b>
1	3,000	-	May 19, 2018 (paid)
2	22,000	125,000	May 25, 2018 (issued)
3	6,000	-	October 24, 2018 (paid)
4	-	50,000	October 29, 2018 (issued)
5	33,000	125,000	May 15, 2019 (paid and issued)
6	33,000	125,000	May 15, 2020

In addition to the consideration above, USD\$700,000 in exploration expenditures must be carried out as follows:

- USD\$300,000 by the second anniversary of the closing date; and
- USD\$400,000 by the third anniversary of the closing date.

On June 21, 2019, the Company entered into an Assignment and Assumption Agreement (The "Assignment Agreement") with Explorex Resources Inc. ("Exlorex") which contemplates assigning its Option to Purchase the Buena Vista Hills Cobalt Project, Nevada ("BVH") to Explorex. New Tech will assign its right to acquire a 100% interest in the BVH project for \$10,000 USD and 400,000 shares of Explorex. Explorex will assume all of New Tech's underlying commitments to the Mining Lease and Option to Purchase Agreement from May 15, 2019 forward. New Tech will retain a one-time right to a 20% interest in the property by paying Explorex an amount equal to 40% of the expenditures incurred on the property to date.

On August 28, 2019, the Company was reimbursed \$4,068 (\$3,022 USD) from Explorex with regard to general administration fees paid during the year ended July 31, 2019. As the property was impaired to \$nil in 2019, this has been included in other income on the statement of comprehensive loss.

On April 3, 2020, the Company terminated the Buena Vista option agreement.

**Buena Vista Hills Cobalt Property Expenditures**

	<b>Year ended July 31, 2020</b>	<b>Year ended July 31, 2019</b>
Mineral acquisition costs:	\$	\$
Balance, beginning	-	49,280
Acquisition of claims	-	61,820
Exlorex finders' fee	-	6,421
Cash received from Explorex	-	(56,906)
Shares received from Explorex	-	(56,366)
Impairment	-	(4,249)
Balance, ending	-	-

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Buena Vista Hills Cobalt Property (continued)**

Exploration and evaluation expenditures:

Balance, beginning	-	6,221
General administration	-	57,857
Foreign exchange translation	-	925
Impairment	-	(65,003)
Balance, ending	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Moosehead Gold Project**

On July 31, 2018, the Company optioned a large property package approximately 4.2 kilometres southeast of Sokoman Iron Corp.'s flagship Moosehead high-grade gold project in Newfoundland. This property is approximately 4.0 kilometres long by 1.5 km wide and located roughly on trend with the gold-mineralized mesothermal orogenic quartz vein system that is the current focus of Sokoman's exploration diamond drilling program. On October 11, 2018 the agreement was amended to reduce the share consideration paid upon closing of the agreement from 1,250,000 shares to 750,000 shares.

The Company has the option to acquire 100% of the property in a cash and share exchange agreement in consideration for:

- Payment of \$15,000 (paid);
- Issuance of 750,000 shares to be paid upon closing of the agreement (issued).

As at July 31, 2019, the Company wrote off the property when it allowed the annual fee to lapse as further work was not expected to be done on the property.

**Moosehead Gold Project Expenditures**

	<b>Year ended July 31, 2020</b>	<b>Year ended July 31, 2019</b>
Mineral acquisition costs:	\$	\$
Balance, beginning	-	15,000
Acquisition of claims	-	60,000
Impairment	-	(75,000)
Balance, ending	-	-
Exploration and evaluation expenditures:		
Balance, beginning	-	-
General administration	-	465
Impairment	-	(465)
Balance, ending	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**5. MARKETABLE SECURITIES**

The Company's marketable securities consist of shares in Power Metals and Explorex (Note 4). The fair market value of the shares is summarized as follows:

	Number of shares	July 31, 2020	Number of shares	July 31, 2019
		\$		\$
Balance, beginning	220,205	40,738	237,500	80,750
Addition	-	-	220,205	56,108
Increase in fair value	-	12,033	-	(39,598)
Transfer to pay accounts payable	(20,000)	(5,096)	-	-
Sale	(200,205)	(47,675)	(237,500)	(56,522)
Balance, ending	-	-	220,205	40,738

During the year ended July 31, 2020, the Company recognized a realized loss of \$20 on the sale of 20,000 shares of Explorex.

During the year ended July 31, 2020, the Company also transferred 20,000 Explorex shares to pay an accounts payable amount owing to a former director of the Company and recognized a gain of \$1,096.

On May 4, 2020, Explorex shares were exchanged pursuant to the closing of Explorex's plan of arrangement with Origen Resources and the acquisition of Raffles Financial Group (the "Exchange"). In accordance with the Exchange, the Company received 90,102 shares of Origen and 6,945 shares of Raffles, in exchange for the 180,205 shares of Explorex. During the year ended July 31, 2020, the Company recognized an unrealized gain of \$11,411 on the 180,205 remaining shares in Explorex at the date of the Exchange, and a realized loss of \$454 on the sale of the remaining Origen and Raffles shares owned by the Company.

During the year ended July 31, 2019, the Company recognized a loss of \$24,228 on the sale of 237,500 shares in Power Metals, and the Company recognized an unrealized loss of \$15,370 on the 220,205 shares in Explorex.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	July 31, 2020	July 31, 2019
	\$	\$
Accounts payable	66,477	13,890
Accrued liabilities	15,000	20,000
	81,477	33,890

During the year ended July 31, 2019, the Company wrote-down an amount included in accounts payable resulting in a gain on debt settlement of \$22,906.

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**7. SHARE CAPITAL**

**a) Authorized**

Unlimited common shares with no par value.

**b) Issued and outstanding**

At July 31, 2020, there were 33,714,449 (July 31, 2019 – 30,514,449) issued and fully paid common shares.

**c) Common shares**

Year ended July 31, 2020

On December 23, 2019, the Company completed a non-brokered private placement of 3,100,000 post-consolidation (6,200,000 pre-consolidation) units (“Units”) at a post-consolidation price of \$0.05 (pre-consolidation \$0.025) per Unit for gross proceeds of \$155,000. Each Unit will consist of one common share and one common share purchase warrant (each a “Warrant”). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.10 per share for a period of 36 months from the date of closing.

Using the residual method, a value of \$62,000 was allocated to the warrants. In connection with the closing of the private placement, the Company paid \$4,400 cash for finders’ fees.

During the year ended July 31, 2020, the Company issued 100,000 post consolidation (200,000 pre-consolidation) shares with a fair value of \$3,000 in relation to the acquisition of the Tule Cobalt Project (Note 4).

Year ended July 31, 2019

On December 6, 2018, the Company completed a non-brokered private placement issuing 6,167,000 post-consolidation (12,334,000 pre-consolidation) Units (“Units”) at a post-consolidation price of \$0.10 (pre-consolidation \$0.05) per Unit to raise total proceeds of \$616,700. Each Unit is comprised of one common share and one common share purchase warrant (a “Warrant”). Each whole Warrant is exercisable into a common share of the Company for a period of 36 months at an exercise price of \$0.20.

Using the residual method, a value of \$185,010 was allocated to the warrants. In connection with the closing of the private placement, the Company paid \$14,000 cash for finders’ fees.

During the year, the Company issued 1,100,000 post-consolidation (2,200,000 pre-consolidation) shares with a fair value of \$78,000 in relation to the acquisition of mineral properties (Note 4).

**d) Basic and diluted loss per share**

Diluted loss per share for the year ended July 31, 2020 did not include the effect of 1,800,000 (July 31, 2019 – 2,970,000) stock options and 9,266,999 (July 31, 2019 – 9,669,249) warrants as the effect would be anti-dilutive.

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**7. SHARE CAPITAL (continued)**

**e) Share consolidation**

Effective August 12, 2020, the Company completed a consolidation of the common shares on a basis of 2 pre-consolidation common shares for 1 post-consolidation common share (the "Consolidation"). As required by IAS 33, *Earnings per Share*, all information with respect to the number of common shares and issuance prices for time periods prior to the Consolidation have been restated to reflect the Consolidation.

**f) Stock options**

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

On January 8, 2019, the Company issued stock options that will be exercisable to acquire 650,000 common shares at \$0.10 per share for a period of five years, vesting immediately, to various directors, officers and consultants. The share-based payment expense of \$37,857 was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate – 1.89%, expected dividend yield – 0%, and average expected stock price volatility – 202%.

The continuity of exercisable stock options for the years ended July 31, 2019 and 2020 is as follows:

	<b>Number of Options Outstanding</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance, July 31, 2018	2,320,000	0.14
Options granted	650,000	0.10
Balance, July 31, 2019	2,970,000	0.12
Options forfeited	(1,170,000)	0.14
Balance, July 31, 2020	1,800,000	0.12

Details of options outstanding and exercisable at July 31, 2020 are as follows:

<b>Number of Options Outstanding</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Weighted Average Remaining Contractual Life (Years)</b>
400,000	0.20	1.65
800,000	0.10	3.02
600,000	0.10	3.44
1,800,000	0.12	2.85

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**7. SHARE CAPITAL (continued)**

**g) Share purchase warrants**

The continuity of warrants for the years ended July 31, 2019 and 2020 is as follows:

	<b>Number of Warrants Outstanding</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance, July 31, 2018	11,431,071	0.22
Warrants issued	6,166,999	0.20
Warrants expired	(7,928,821)	0.28
Balance, July 31, 2019	9,669,249	0.22
Warrants issued	3,100,000	0.10
Warrants expired	(3,502,250)	0.28
Balance, July 31, 2020	9,266,999	0.11

Details of warrants outstanding as at July 31, 2020 are as follows:

<b>Number of Warrants Outstanding</b>	<b>Weighted Average Exercise Price</b>	<b>Average Remaining Contractual Life (Years)</b>
720,333	\$0.20	1.35
5,446,666	\$0.10	3.35
3,100,000	\$0.10	2.40
9,266,999	\$0.11	2.88

On November 15, 2019, the Company amended the terms of 5,446,666 common share purchase warrants of the Company previously issued pursuant to a non-brokered private placement that closed on December 6, 2018 (the "Amendment"). Each existing warrant was originally exercisable by the holder thereof to purchase one common share of the Company at a price of \$0.20 per common share for a period of 36 months following the date of issuance. Each existing warrant subject to the Amendment will be amended to be exercisable by the holder thereof to purchase one common share at an exercise price of \$0.10 per Common Share for a period of 60 months following the date of issuance (each amended Existing Warrant, an "Amended Warrant").

**h) Share-based payment reserve**

The share-based payment reserve records items recognized as share-based payment expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

**i) Warrant reserve**

The warrant reserve records the fair value of warrants issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

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**7. SHARE CAPITAL (continued)**

**j) Foreign currency translation reserve**

The translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

**8. RELATED PARTY TRANSACTIONS**

The following amounts are payable to related parties as at July 31, 2020 and July 31, 2019:

	<b>July 31, 2020</b>	<b>July 31, 2019</b>
	<b>\$</b>	<b>\$</b>
Companies controlled by directors of the Company	32,450	25,658
Officers of the Company	135	-
	<b>32,585</b>	<b>25,658</b>

The amounts due are unsecured, non-interest bearing and has no fixed terms of repayment.

Included in accounts payable was \$10,562 (2019: \$nil) due to a company controlled by a former director of the Company.

The Company incurred the following transactions with directors, officers and companies that are controlled by directors of the Company:

<b>Services provided by:</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Consulting fees	-	119,348
Professional fees	-	8,710
Management fees	60,000	30,000
	<b>60,000</b>	<b>158,058</b>

A director of the Company is a party to the Sweetwater Option Agreement (Note 4).

Key management includes directors and executive officers of the Company. Other than the amounts disclosed above, there was no other compensation paid or payable to key management for employee services for the reported periods.

**9. COMMITMENTS**

On June 7, 2018, the Company entered into an agreement with J. George Geological Consulting Inc. (wholly owned by one of management) to provide management/consulting services to the Company at a rate of \$5,000 per month for a period of six months, automatically renewing at the end of each period.

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**10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. 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 that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The risk is assessed as low.

**b) Foreign Exchange Rate Risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The functional currency of the Company's subsidiary, American Potash, is the US dollar. Foreign currency risk arises from the fluctuation in currency exchange between the Canadian dollar and US dollar. The Company has not entered into financial instruments to hedge against this risk.

The following is an analysis of Canadian Dollar equivalent of financial assets and liabilities that are denominated in US dollars:

	<b>July 31, 2020</b>	<b>July 31, 2019</b>
	\$	\$
Cash	271	5,858
Accounts payable and due to related parties	(18,515)	-
	(18,244)	5,858

Based on the above net exposures, as at July 31, 2020, a 10% change in the US dollar to Canadian Dollar exchange rate would impact the Company's net income by \$1,824.

**c) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. All of the Company's financial liabilities have contractual maturities of less than three months. Liquidity risk is assessed as high.

## **10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)**

### **d) Price Risk**

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

### **e) Interest Rate Risk**

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest bearing assets in relation to cash at banks carried at floating interest rates with reference to the market. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered immaterial.

### **f) Fair Values**

Financial instruments recognized at fair value on the consolidated statement of financial position must be classified in one of the following three fair value hierarchy levels:

- 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.

Cash and marketable securities are measured using level 1 inputs.

## **11. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any significant revenues since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of working capital and shareholders' equity (deficit). The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period.

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**12. SEGMENTED INFORMATION**

The Company operates in a single reportable operating segment, being the acquisition, exploration and retention of mineral property assets. Geographic segment information of the Company's non-current assets as at July 31, 2020 and July 31, 2019 is as follows:

Non-current assets	July 31, 2020	July 31, 2019
	\$	\$
Canada	-	-
USA	-	855,086
	-	855,086

**13. INCOME TAXES**

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended July 31, 2020	Year ended July 31, 2019
	\$	\$
Net loss before tax	1,217,453	642,201
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(328,712)	(173,394)
Non-deductible items	3,679	124,969
Foreign tax rate difference	62,602	5,069
Change in deferred tax asset not recognized	262,431	43,356
Income tax expense	-	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	July 31, 2020	July 31, 2019
	\$	\$
Non-capital loss carry-forwards – Canada	1,216,732	1,181,613
Non-capital loss carry-forwards – US	13,206	12,321
Mineral properties	1,126,042	907,820
Other	29,940	21,735
	2,385,920	2,123,489

The Company has net operating loss carry forwards which may be carried forward to apply against future year income tax for Canadian and US income tax purposes subject to the final determination by taxation authorities, expiring in the following years:

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**13. INCOME TAXES (continued)**

	Canadian non-capital losses	US non-capital losses
	\$	\$
2027	45,358	-
2028	2,780	-
2029	189,804	-
2030	71,222	-
2031	68,791	-
2032	304,089	27,176
2033	606,596	22,379
2034	635,090	66,480
2035	461,410	959
2036	158,044	9,269
2037	238,300	3,511
2038	1,091,536	(86,328)
2039	430,169	15,227
2040	203,227	4,215
	4,506,416	62,888

**14. SUBSEQUENT EVENT**

On September 8, 2020 the Company closed a non-brokered private placement (the "Private Placement"). The Company issued 12,800,000 units (the "Units") pursuant to the Private Placement at a price of \$0.05 per Unit for total gross proceeds of \$640,000. Each Unit consisted of one common share (a "Common Share") and one non-transferable Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable for one additional Common Share at an exercise price of \$0.075 until September 8, 2023. The Company has the right to accelerate the expiry date of the warrants to 30 days if the closing price for the Company's shares is at least \$0.30 for a period of ten consecutive trading days.

On October 6, 2020, the Company entered into a non-binding letter of intent to enter into an assignment agreement (the "Assignment Agreement") of a contract for sale and assignment of mining right (the "Purchase Agreement") to acquire 100% interest in La Escondida Sliver Project in Mexico. During the year ended July 31, 2020, the Company made a payment of \$6,702(USD\$5,000) to obtain the first right of refusal to the Assignment agreement, and the payment was recorded in prepaid expense. The Company is required to issue 3,000,000 common shares to the assignors of the Assignment Agreement. The purchase price of the La Escondida Silver Project is USD450,000 outlined in the Purchase Agreement with the following payment terms:

Cash (USD)	Date
50,000 plus IVA	September 15, 2020 (paid)
100,000 plus IVA	first anniversary after contract execution
150,000 plus IVA	second anniversary after contract execution
150,000 plus IVA	third anniversary after contract execution