



**GREENLAND RESOURCES INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021 and 2020**  
**(Expressed in Canadian dollars)**

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**FOR THE YEARS ENDED MARCH 31, 2021 and 2020**  
**(Expressed in Canadian dollars)**

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*Audit. Tax. Advisory.*

## **Independent Auditor's Report**

To the Shareholders of Greenland Resources Inc.

### **Opinion**

We have audited the consolidated financial statements of Greenland Resources Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows, and consolidated statements of changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2021 and 2020 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. 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.

### **Other information**

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's responsibilities for the audit of the consolidated financial statements**

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 risks 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner of the audit resulting in this independent auditor's report is Koko Yamamoto.

**McGovern Hurley LLP**



**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
June 30, 2021

|  | <b>March 31,<br/>2021<br/>\$</b> | <b>March 31,<br/>2020<br/>\$</b> |
|--|----------------------------------|----------------------------------|
| <b>ASSETS</b>  |                                  |                                  |
| <b>CURRENT</b>   |                                  |                                  |
| Cash   | 8,095,629                        | 1,223,956                        |
| Advances (Note 6)                                      | 23,947                           | 19,058                           |
| Sundry receivables                                     | 47,923                           | 74,288                           |
| Prepaid expenses and deposits (Note 6)                 | 24,260                           | 34,992                           |
| <b>TOTAL CURRENT ASSETS</b>                            | <b>8,191,759</b>                 | <b>1,352,294</b>                 |
| <b>NON-CURRENT ASSETS</b>                              |                                  |                                  |
| Investment (Note 8)                                    | -                                | 80,000                           |
| <b>TOTAL NON-CURRENT ASSETS</b>                        | <b>-</b>                         | <b>80,000</b>                    |
| <b>TOTAL ASSETS</b>                                    | <b>8,191,759</b>                 | <b>1,432,294</b>                 |
| <b>LIABILITIES</b>                                     |                                  |                                  |
| <b>CURRENT</b>   |                                  |                                  |
| Accounts payable and accrued liabilities (Note 6)      | 197,194                          | 77,423                           |
| <b>TOTAL LIABILITIES</b>                               | <b>197,194</b>                   | <b>77,423</b>                    |
| <b>SHAREHOLDERS' EQUITY</b>                            |                                  |                                  |
| <b>CAPITAL STOCK</b> (Note 7)                          | 14,165,236                       | 8,283,722                        |
| <b>WARRANT RESERVE</b> (Note 7)                        | 1,957,883                        | 23,250                           |
| <b>STOCK OPTION RESERVE</b> (Note 7)                   | 722,136                          | 684,000                          |
| <b>DEFICIT</b>   | <b>(8,850,690)</b>               | <b>(7,636,101)</b>               |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                      | <b>7,994,565</b>                 | <b>1,354,871</b>                 |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>      | <b>8,191,759</b>                 | <b>1,432,294</b>                 |
| <b>NATURE OF OPERATIONS AND GOING CONCERN</b> (Note 1) |                                  |                                  |
| <b>COMMITMENTS AND CONTINGENCIES</b> (Notes 9 and 13)  |                                  |                                  |
| <b>SUBSEQUENT EVENTS</b> (Notes 16)                    |                                  |                                  |

APPROVED ON BEHALF OF THE BOARD:

Signed "Ruben Shiffman", Director

Signed "James Steel", Director

**GREENLAND RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
FOR THE YEARS ENDED MARCH 31  
(Expressed in Canadian dollars)

|   | <b>2021</b>        | <b>2020</b>        |
|---|--------------------|--------------------|
|   | <b>\$</b>          | <b>\$</b>          |
|   |                    | (Note 2)           |
| <b>EXPENSES AND OTHER EXPENSES (INCOME)</b>                 |                    |                    |
| General and administration expenses                         | 84,567             | 59,801             |
| Accounting and legal  | 76,477             | 36,576             |
| Consulting (Note 6)   | 285,612            | 244,052            |
| Stock-based compensation (Notes 6 and 7)                    | 538,136            | 50,845             |
| Rent  | 34,646             | 41,506             |
| Advertising and promotion                                   | 27,201             | 72,127             |
| Investor relations  | 54,204             | 63,674             |
| Travel and entertainment                                    | 4,631              | 95,388             |
| Exploration expenses (Note 9)                               | 78,759             | 396,745            |
| Transfer agent fees   | 6,278              | 2,037              |
| Insurance   | 3,570              | 2,978              |
| Unrealized loss on investment (Note 8)                      | -                  | 600,000            |
| Interest (income)   | (29)               | (131)              |
| <b>NET (LOSS) FROM CONTINUING OPERATIONS</b>                | <b>(1,194,052)</b> | <b>(1,665,598)</b> |
| (Loss) from discontinued operation (Note 5)                 | (220,537)          | (66,424)           |
| <b>NET (LOSS) AND COMPREHENSIVE (LOSS)</b>                  | <b>(1,414,589)</b> | <b>(1,732,022)</b> |
| <b>NET (LOSS) PER SHARE</b>                                 |                    |                    |
| Basic and diluted (loss) per share:                         |                    |                    |
| Continuing operations                                       | (0.02)             | (0.02)             |
| Discontinued operation                                      | (0.00)             | (0.00)             |
| <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b> |                    |                    |
| -basic and diluted  | 73,065,939         | 72,253,030         |

See accompanying notes to the consolidated financial statements.

**GREENLAND RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED MARCH 31  
(Expressed in Canadian dollars)

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|  | <b>2021</b>      | <b>2020</b>        |
|--|------------------|--------------------|
|  | <b>\$</b>        | <b>\$</b>          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>          |                  |                    |
| Net loss for the year                                | (1,414,589)      | (1,732,022)        |
| Adjustment for:                                      |                  |                    |
| Stock-based compensation (Note 7)                    | 238,136          | 50,845             |
| Compensation share issuance (Note 7)                 | 300,000          | -                  |
| Unrealized loss on investment (Note 8)               | -                | 600,000            |
| Amortization   | -                | 1,147              |
|  | <u>(876,453)</u> | <u>(1,080,030)</u> |
| Changes in non-cash working capital balances:        |                  |                    |
| Sundry receivables                                   | 26,365           | 2,039              |
| Prepaid expenses and deposits                        | 10,732           | (26,672)           |
| Advances   | (4,889)          | 17,566             |
| Accounts payable and accrued liabilities             | 119,771          | (12,057)           |
|  | <u>(724,474)</u> | <u>(1,099,154)</u> |
| <b>Net cash (outflow) from operating activities</b>  | <b>(724,474)</b> | <b>(1,099,154)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |                  |                    |
| Proceeds from issue of equity units (Note 7)         | 8,309,818        | -                  |
| Cash issue costs of equity units (Note 7)            | (793,671)        | -                  |
|  | <u>7,516,147</u> | <u>-</u>           |
| <b>Net cash from financing activities</b>            | <b>7,516,147</b> | <b>-</b>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>          |                  |                    |
| Sale of investment (Note 8)                          | 80,000           | -                  |
|  | <u>80,000</u>    | <u>-</u>           |
| <b>Net cash from investing activities</b>            | <b>80,000</b>    | <b>-</b>           |
| Increase (decrease) in cash                          | 6,871,673        | (1,099,154)        |
| <b>CASH, BEGINNING OF YEAR</b>                       | <u>1,223,956</u> | <u>2,323,110</u>   |
| <b>CASH, END OF YEAR</b>                             | <u>8,095,629</u> | <u>1,223,956</u>   |
| <b>CASH FLOWS OF DISCONTINUED OPERATION (Note 5)</b> |                  |                    |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>            |                  |                    |
| Broker warrants issued (Note 7)                      | 405,232          | -                  |

See accompanying notes to the consolidated financial statements.

**GREENLAND RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
 FOR THE YEARS ENDED MARCH 31  
 (Expressed in Canadian dollars)

|  | Common<br>Shares<br># | Capital<br>Stock<br>\$ | Warrant<br>Reserve<br>\$ | Stock<br>Option<br>Reserve<br>\$ | Deficit<br>\$ | Total<br>\$ |
|--|-----------------------|------------------------|--------------------------|----------------------------------|---------------|-------------|
| <b>Balance - March 31, 2019</b>              | 72,253,030            | 8,283,722              | 23,250                   | 748,495                          | (6,019,419)   | 3,036,048   |
| Vesting of stock options (Note 7)            | -                     | -                      | -                        | 50,845                           | -             | 50,845      |
| Expiry of stock options (Note 7)             | -                     | -                      | -                        | (115,340)                        | 115,340       | -           |
| Net (loss) for the year                      | -                     | -                      | -                        | -                                | (1,732,022)   | (1,732,022) |
| <b>Balance - March 31, 2020</b>              | 72,253,030            | 8,283,722              | 23,250                   | 684,000                          | (7,636,101)   | 1,354,871   |
| Issue of shares for compensation<br>(Note 7) | 2,000,000             | 300,000                | -                        | -                                | -             | 300,000     |
| Issue of units (Note 7)                      | 23,742,335            | 6,522,650              | 1,787,168                | -                                | -             | 8,309,818   |
| Issue costs (Note 7)                         | -                     | (941,136)              | 147,465                  | -                                | -             | (793,671)   |
| Vesting of stock options (Note 7)            | -                     | -                      | -                        | 238,136                          | -             | 238,136     |
| Expiry of stock options (Note 7)             | -                     | -                      | -                        | (200,000)                        | 200,000       | -           |
| Net (loss) for the year                      | -                     | -                      | -                        | -                                | (1,414,589)   | (1,414,589) |
| <b>Balance - March 31, 2021</b>              | 97,995,365            | 14,165,236             | 1,957,883                | 722,136                          | (8,850,690)   | 7,994,565   |

See accompanying notes to the consolidated financial statements.

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

Greenland Resources Inc. (the “Company”) was incorporated under the laws of the Province of Ontario by articles of incorporation dated February 7, 2008 and was engaged in early stage biomedical research. The Company had one project, which was to collaborate with and provide funding to the Hospital for Sick Children for a project involving certain brain tumour and stem cell research (see Note 14). The Company is now engaged in the acquisition, exploration and development of mineral properties in Greenland. The Company owns a 100% interest in both the Malmbjerg Molybdenum Project and the Storø Gold Project (see Note 5). Both are exploration projects located in Greenland. The Company’s registered office is at 18 King Street East, Suite 902, Toronto, Ontario M5C 1C4.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations on such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, and non-compliance with regulatory and environmental requirements.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and discharge of liabilities in the normal course of business. There are certain conditions that cast doubt on this assumption. The Company has incurred losses from operations since inception.

The ability of the Company to continue as a going concern is dependant upon the development and commercialization of its mineral exploration project, and the generation of positive cash flows from operations. The business of exploring for minerals involves a high degree of risk and there can be no assurance that future exploration and development programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. See also Note 13.

As at March 31, 2021, the Company has not earned revenue and has an accumulated deficit of \$8,850,690. The Company’s ability to continue as a going concern in the longer term is dependent upon its ability to obtain additional financing and achieve profitable operations in the future. There is no assurance that the Company will be successful in achieving these objectives. Management believes it has sufficient working capital to support operations for the next twelve months. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

These financial statements were approved by the Board of Directors on June 30, 2021.

## **2. BASIS OF PREPARATION**

### **Statement of compliance**

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

The policies have been consistently applied to all periods presented unless otherwise noted.

## **2. BASIS OF PREPARATION (Continued)**

### **Basis of measurement**

These consolidated financial statements are prepared on the historical cost basis, except for certain financial instruments that are carried at fair value. In addition, these consolidated financial statements are prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

### **Principles of consolidation**

These financial statements include the accounts of the Company and its wholly owned subsidiary, Copenhagen Minerals Inc. ("Copenhagen" or "CMI"). Intra-group balances and transactions are eliminated in preparing the consolidated financial statements. On January 27, 2021, the Company agreed to sell 100% of the outstanding shares of CMI, which owns the Storø Gold Project and associated exploration and prospecting licences (see Note 5). Accordingly, the comparative consolidated statement of loss and comprehensive loss were re-presented as if the operations of Copenhagen were discontinued from the start of the comparative year.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **Cash**

Cash consists of chequing accounts held at financial institutions in Canada. The Company has not experienced any losses related to these balances and management believes the credit risk to be minimal.

### **Investments**

Investments in publicly-held companies which are traded on a recognized securities exchange are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the investments are revalued to their fair values based on quoted closing prices at the statement of financial position date. The fair value of investments in publicly-held companies is classified as Level one within the fair value hierarchy.

Investments in privately-held companies are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. An upward or downward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated investor at a transaction price higher or lower than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive or negative impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Equipment**

Equipment is initially recorded at cost. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Amortization is recognized based on the cost of equipment, less its estimated residual value, over its estimated useful life as follows:

Field equipment    straight line basis over estimated useful life of five years

#### **Exploration and evaluation expenditures**

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of exploration and evaluation properties, property option payments and exploration and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

#### **Decommissioning, restoration and similar liabilities**

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of an exploration property interest. Such costs, discounted to their net present value, are provided for at the start of each project as soon as the obligation to incur such costs arises. The timing of the actual expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates. Discount rates, using a pretax rate reflecting the time value of money, are used to calculate the net present value. The liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Changes in estimates of decommissioning costs are accounted for in the period the change is identified.

The Company had no material restoration, rehabilitation and environmental obligations as at March 31, 2021 and 2020.

#### **Provision**

A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate. The Company had no material provisions at March 31, 2021 and 2020.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Income taxes**

Income tax expense comprises current and deferred tax and is recognized in profit and loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive loss.

#### *Current income taxes*

Current income tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current income tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### *Deferred taxes*

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statements of financial position and their corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

#### **Capital stock and warrants**

The Company's common shares and warrants are classified as equity instruments only to the extent that they do not meet the definition of a financial liability. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds. Expired warrants are transferred to deficit on expiry.

#### **Financial instruments**

##### **Financial assets**

#### *Initial recognition and measurement*

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either Fair Value Through Profit or Loss ("FVPL") or Fair Value Through Other Comprehensive Income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

3. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**  
**Financial instruments (Continued)**  
**Financial assets (Continued)**

***Subsequent measurement – financial assets at amortized cost***

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

***Subsequent measurement – financial assets at FVPL***

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss. The Company’s investments are classified as financial assets at FVPL.

***Subsequent measurement – financial assets at FVOCI***

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of earnings (loss) when the right to receive payments is established.

***Derecognition***

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

***Impairment of financial assets***

The Company’s only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost, and investment shares, which are measured by comparison to arm’s length transactions involving the investee company. For the accounts receivable assets, the Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

**Financial liabilities**

***Initial recognition and measurement***

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company’s financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**  
**Financial instruments (Continued)**  
**Financial liabilities (Continued)**

***Subsequent measurement – financial liabilities at amortized cost***

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

***Derecognition***

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of loss.

**Fair value**

The Company classified financial instruments recognized at fair value in accordance with a fair value hierarchy that includes the inputs used to measure fair value. The hierarchy gave the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash, sundry receivables, advances and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

During the years ended March 31, 2021 and 2020, the investment in private company (see Note 8) was recorded at fair value in the consolidated statements of financial position and was classified as Level 3 within the fair value hierarchy. There were no transfers in or out of Levels 1, 2 or 3 during the years presented.

**Foreign currency transactions**

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**Loss per share**

Basic loss per share is calculated by dividing profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The denominator (number of units) is calculated by adjusting the shares in issue at the beginning of the year by the number of shares bought back or issued during the year, multiplied by a time-weighting factor.

Diluted loss per share is calculated by adjusting the number of shares for the effects of dilutive options and warrants. The effects of anti-dilutive potential units are ignored in calculating diluted loss per share.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Share-based payments**

The Company accounts for its share-based payments using the fair value method of accounting for accounts settled in shares and for stock options granted to directors, officers, employees, non-employees, consultants and service providers to the Company. The fair value of stock options granted to employees is recognized as an expense over the vesting period 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, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the date the goods or services are received.

The fair value of stock options is measured at the grant date and 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 actual number of stock options that are expected to vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification. Unexercised expired stock option values are transferred to deficit.

#### **Significant accounting judgments, estimates and assumptions**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are as follows:

##### *Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

##### *Share-based payments*

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**  
**Significant accounting judgments, estimates and assumptions (Continued)**

*Fair value of investment in securities not quoted in an active market or private company investments*

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. As valuations of investments for which market quotations are not readily available are inherently uncertain, determination of fair value may differ materially from the values that would have resulted if a ready market existed. (Refer to Note 8)

*Determination of significant influence*

Investments in associates are accounted for using the equity method, whereby the investment is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of the net assets of the investment. The Company's share of the results of operations of an associate is reflected in the profit and loss. An associate is an entity in which the Company has significant influence.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not represent control or joint control over those decisions. The management reviews and makes considerations for the relevant factors in determining whether significant influence exists in investments. During the years ended March 31, 2021 and 2020, the Company determined it did not have associates.

*Contingencies*

Refer to Note 13.

**New accounting policies**

*IFRS 5 - Non-current assets held for sale and discontinued operations ("IFRS 5")*

A discontinued operation is a component of the Company's business, with operations and cash flows that are distinguishable from those of the rest of the Company, and which represents a separate major line of business or geographical area of operations, and which is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively for resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the major line of business or geographical operation meets the criteria to be classified as assets held for sale or distribution. When an operation is classified as a discontinued operation, IFRS 5 requires that the comparative statements of comprehensive loss are re-presented as if the operation was discontinued from the start of the comparative year. As a result, the Company's discontinued operations are excluded from the loss from continuing operations and are presented as an amount, net of tax, as loss from discontinued operations in the statements of comprehensive loss. Furthermore, the Company has made the accounting policy choice to present net cash flows related to its discontinued operations in the notes to the financial statements. See Note 5.

During the year ended March 31, 2021, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 1 and IAS 8. These new standards and changes did not have any material impact on the Company's financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

**4. FUTURE ACCOUNTING CHANGES**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after April 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

**5. DISCONTINUED OPERATION**

On January 27, 2021, the Company agreed, subject to customary conditions, to sell to Cryptologic Corp. (“Cryptologic”), an arm’s length corporation, 100% of the outstanding shares of the Company’s wholly-owned subsidiary, Copenhagen, which owns the Storø Gold Project and associated exploration and prospecting licences located in southwest Greenland (see Note 9). The transaction closed in May 2021 (see Note 16).

Cryptologic paid the Company \$250,000 in cash and issued 22 million of its own common shares. The Company owns 26% of Cryptologic Corp. upon closing and has Board representation.

As Copenhagen at March 31, 2021 was highly probable to be sold within one year of the announcement and represents a separate business segment and geographical area of operations, Copenhagen has been classified as a discontinued operation and had nominal assets and liabilities at March 31, 2021. The consolidated statements of loss and comprehensive loss have been re-presented separately between continuing and discontinued operations. Furthermore, the Company has made an accounting policy choice to present details of net cash flows from discontinued operations in this note to the consolidated financial statements. Unless otherwise specified, all other notes to the consolidated financial statements do not include amounts from discontinued operations.

Financial information relating to the discontinued operation for the period is set out below.

The results of Copenhagen’s operations presented as loss from discontinued operations in the consolidated statements of loss and comprehensive loss are as follows:

| For the year ended March 31,            | 2021<br>(\$)   | 2020<br>(\$)  |
|---|----------------|---------------|
| General and administrative expenses     | 1,138          | 52            |
| Consulting and professional             | 88,000         | 2,524         |
| Exploration expenses                    |                |               |
| Deposit studies                         | 23,988         | 54,000        |
| Communications and data                 | -              | 188           |
| Licence fees                            | 38,543         | 8,512         |
| CMI sale transaction costs              | 68,868         | -             |
| Amortization                            | -              | 1,148         |
| <b>Loss from discontinued operation</b> | <b>220,537</b> | <b>66,424</b> |

**5. DISCONTINUED OPERATION (Continued)**

The net cash flows used in the Copenhagen discontinued operations are as follows:

|   |                  |                 |
|---|------------------|-----------------|
| For the year ended March 31,                          | 2021             | 2020            |
|   | (\$)             | (\$)            |
| <u>Net cash (outflow) from operating activities</u>   | <u>(220,537)</u> | <u>(66,424)</u> |
| <u>Net cash (outflow) from discontinued operation</u> | <u>(220,537)</u> | <u>(65,276)</u> |

**6. RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company. The following table shows the compensation paid to key management personnel.

| Key Management                              | Period (year) | Consulting fees (management) (\$) | Stock-based compensation (\$) | Consulting fees (other) (\$) | Total compensation (\$) |
|---|---------------|-----------------------------------|-------------------------------|------------------------------|-------------------------|
| Officers                                    | 2021          | 290,007                           | 453,088                       | -                            | 743,095                 |
|   | 2020          | 206,162                           | 50,845                        | -                            | 257,007                 |
| Directors ( <i>not including officers</i> ) | 2021          | -                                 | 44,225                        | 25,000                       | 69,225                  |
|   | 2020          | -                                 | -                             | 41,000                       | 41,000                  |
| Totals                                      | 2021          | 290,007                           | 497,313                       | 25,000                       | 812,320                 |
|   | 2020          | 206,162                           | 50,845                        | 41,000                       | 298,007                 |

See also Note 13.

One officer and director of the Company held an expense advance at March 31, 2021, with a balance of \$23,947 (2020 - \$19,058). This amount is unsecured, non-interest bearing and due on demand. At March 31, 2021, \$23,113 (2020 - \$4,450) of the above "Consulting fees (management)" total was owed to an officer who is not a director and \$6,000 (2020 - \$nil) of the above "Consulting fees (other)" total was owed to a director; these amounts are included in "Accounts Payable and Accrued Liabilities".

On January 1 2021, the Company awarded 2,000,000 common shares at a price of \$0.15 as past-service compensation to an officer who is also a director.

On January 1, 2021, the Company granted 3,500,000 stock options to officers, directors, and consultants of the Company under the Company's stock option plan. These options were valued at \$414,000 in total, of which an amortized amount of \$238,136 was recognized in the year ended March 31, 2021.

During the year ended March 31, 2019, 3,600,000 stock options were granted to two officers who were also directors of the Company under the Company's stock option plan. These options were valued at \$396,000 in total, of which an amortized amount of \$50,845 was recognized in the year ended March 31, 2020.

During the year ended March 31, 2016, the Company made a \$300,000 investment in the shares of Shiffoil Inc. ("Shiffoil", formerly 1885683 Alberta Ltd.), a private oil and gas company with property in western Canada. (See Note 8) On December 31, 2020, the Company sold its shares of Shiffoil at their carrying value of \$80,000 to two directors of the Company who are also directors and shareholders of Shiffoil.

**6. RELATED PARTY TRANSACTIONS (Continued)**

During the year ended March 31, 2019, the Company approved a loan facility for Shiffoil of up to \$800,000. The loan facility was never used and was cancelled in the year ended March 31, 2020.

During the year ended March 31, 2020, the Company entered into a lease with a shareholder. Under this lease during the year ended March 31, 2021 the Company recorded rent expense of \$33,145 (2020 - \$22,907). Included in prepaid expense and deposits as at March 31, 2021 is \$nil (2020 - \$33,145) with respect to the balance of the obligation under this lease agreement.

During the year ended March 31, 2021, the Company entered into a lease with a company controlled by a director of the Company. Under this lease, during the year ended March 31, 2021, the Company recorded rent expense of \$1,500 (2020 - \$nil). Included in prepaid expense and deposits as at March 31, 2021 is \$3,000 (2020 - \$nil) with respect to the balance of the obligation under this lease agreement.

In May 2020, the Company loaned \$40,000 to an officer who is also a director of the Company. This loan was unsecured, non-interest bearing and due on demand. The loan was repaid during the year ended March 31, 2021.

**7. CAPITAL STOCK, WARRANTS AND STOCK OPTIONS**

(a) Authorized  
 Unlimited number of common shares with no par value

(b) Issued

|  | Number of shares<br># | Amount<br>\$      |
|--|-----------------------|-------------------|
| Balance, issued, March 31, 2019 and 2020 | 72,253,030            | 8,283,722         |
| Compensation share issuance (i)          | 2,000,000             | 300,000           |
| Private placement (ii)                   | 23,742,335            | 5,581,514         |
| Balance, issued, March 31, 2021          | <u>97,995,365</u>     | <u>14,165,236</u> |

- i. In January 2021, the Company issued 2,000,000 common shares at a price of \$0.15, based on the quoted price of the shares at the time of issue, as past-service compensation to an officer who is also a director of the Company.
- ii. In March 2021, the Company closed a brokered private placement of 23,742,335 units of the Company at a price of \$0.35 per unit for aggregate gross proceeds of \$8,309,818. Each unit is comprised of one common share and one half of one common share purchase warrant. The Company paid a 7% cash broker commission and issued a total of 1,661,964 broker warrants. The fair value of the warrant component of the units was estimated using a Black-Scholes option-pricing model with the following assumptions: share price of \$0.27, expected dividend yield of 0%, expected volatility of 122%, risk free rate of 0.23%, and an expected life of 2 years. Volatility was based on the historical volatility of comparable companies. See Note 13.

**7. CAPITAL STOCK, WARRANTS AND STOCK OPTIONS (Continued)**

(c) Warrants

|                                      | <u>Warrants</u>   | <u>Grant Date</u> | <u>Exercise</u> |
|--------------------------------------|-------------------|-------------------|-----------------|
|                                      | <u>#</u>          | <u>Fair Value</u> | <u>Price</u>    |
|                                      |                   | \$                | \$              |
| Balance, March 31, 2019 and 2020 (i) | 250,000           | 23,250            | 0.10            |
| Issued (ii)                          | 11,871,167        | 1,529,411         | 0.60            |
| Issued (iii)                         | 1,661,964         | 405,232           | 0.35            |
| Balance, March 31, 2021              | <u>13,783,131</u> | <u>1,957,893</u>  |                 |

- i. 250,000 warrants were issued to an agent pursuant to a prior financing. These non-assignable agent's warrants are exercisable at \$0.10 per share for a period of 24 months following the date of listing of the common shares on a recognized stock exchange.
- ii. 11,871,167 warrants were issued to investors through a brokered private placement in March 2021. These warrants are exercisable at \$0.60 for a period of 24 months from the date of the Company's listing on a recognized Canadian stock exchange.
- iii. 1,661,964 broker warrants were issued in connection with the March 2021 private placement. Each broker warrant is exercisable into one broker warrant unit at a price of \$0.35 per unit for a period of 24 months from the date of the Company's listing on a recognized Canadian stock exchange. Each broker warrant unit is comprised of one common share and one half of one warrant entitling the holder to purchase one common share at an exercise price of \$0.60 for a period of 24 months from the date of the Company's listing on a recognized Canadian stock exchange. The fair value of the broker warrants was estimated using a Black-Scholes option-pricing model with the following assumptions: unit price of \$0.35, expected dividend yield of 0%, expected volatility of 122%, risk free rate of 0.23%, and an expected life of 2 years. Volatility was based on the historical volatility of comparable companies.

(d) Stock options

The Company has granted options for the purchase of common shares under its stock option plan dated April 28, 2015 for employees, officers, directors and consultants of the Company. The options are non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant, not to be less than the market price of the common shares and subject to all applicable regulatory requirements.

As at March 31, 2021, the following stock options were outstanding:

| Outstanding<br>Options<br># | Exercisable<br>Options<br># | Exercise<br>Price<br>(\$ per share) | Weighted Average<br>Remaining<br>Contractual<br>Life (years) | Expiry<br>Date   |
|-----------------------------|-----------------------------|-------------------------------------|--|------------------|
| 700,000                     | 700,000                     | 0.20                                | 1.61   | November 9, 2022 |
| 1,900,000                   | 1,900,000                   | 0.20                                | 1.99   | March 29, 2023   |
| 1,800,000                   | 1,800,000                   | 0.20                                | 2.79   | January 15, 2024 |
| 3,500,000                   | 1,155,000                   | 0.20                                | 4.76   | January 1, 2026  |
| <u>7,900,000</u>            | <u>5,555,000</u>            | <u>0.20</u>                         | <u>3.37</u>  |                  |

**7. CAPITAL STOCK, WARRANTS AND STOCK OPTIONS (Continued)**

The following table summarizes changes in stock options:

|                         | Options<br># | Grant Date<br>Fair Value<br>\$ | Exercise<br>Price<br>\$ |
|-------------------------|--------------|--------------------------------|-------------------------|
| Balance, March 31, 2019 | 7,494,000    | 799,340                        | 0.20                    |
| Expired                 | (1,094,000)  | (115,340)                      | 0.20                    |
| Balance, March 31, 2020 | 6,400,000    | 684,000                        | 0.20                    |
| Expired                 | (2,000,000)  | (200,000)                      | 0.20                    |
| Granted (i)             | 3,500,000    | 238,137                        | 0.20                    |
| Balance, March 31, 2021 | 7,900,000    | 722,137                        | 0.20                    |

- i. On January 1, 2021, the Company granted 3,500,000 stock options to officers, directors, and consultants with an exercise price of \$0.20 per option. The options expire January 1, 2026, five years from the grant date. The options vest as to 33% immediately on granting, 33% at the end of six months from the date of grant and the remaining 34% at the end of twelve months from the date of grant. The grant date fair value was estimated using the Black Scholes option pricing model with the following assumptions: current stock price of \$0.15, expected dividend yield of 0%, expected volatility of 118%, risk free rate of 0.41% and expected life of 5 years. Volatility was based on the historical volatility of comparable companies. The grant date fair value of the options granted was estimated to be \$414,000, of which \$238,136 was recognized during the year ended March 31, 2021, and allocated to stock-based compensation.

**8. INVESTMENT**

As at March 31, 2020, the Company held 2,000,000 common shares of a private oil and gas company, representing a 3.4% interest, with an estimated fair value of \$80,000. The Company recognized an unrealized loss of \$600,000 on this investment during the year ended March 31, 2020, based on the transaction prices of private placements completed by the investee shortly after March 31, 2020.

In December 2020, the Company sold all 2,000,000 common shares with a carrying value of \$80,000 for cash consideration of \$80,000 to two directors of the Company.

See Notes 6 and 10.

**9. EXPLORATION AND EVALUATION PROPERTIES**

The Company has the following license in Greenland.

License 2018/11, referred to as the Malmbjerg Molybdenum Project, was acquired by the Company in December 2017 and was originally valid until December 31, 2022 as long as minimum annual work requirements were met. Due to COVID-19, the minimum exploration requirements for 2020 and 2021 (years 3 and 4) were waived and both years have been taken out of the licence period, thereby extending the licence period by two years.

After Year 5 the Company has the option to extend the license for a further five years from December 31, 2024. By the end of the year ended March 31, 2020, the Company's expenditures on engineering studies of Malmbjerg had exceeded the minimum annual required renewal amounts through the end of Year 5.

**9. EXPLORATION AND EVALUATION PROPERTIES (Continued)**

The following three licences are referred to as the Storø Gold Project, which was sold subsequent to March 31, 2021 (see Notes 5 and 16):

License 2014/11 was renewed for a further five years following expiry of its first five-year term on December 31, 2018. The Company applied for and was granted a renewal of the key mineralized area and dropped two separate blocks that comprised part of the original license area and had been determined to have only limited exploration potential. Due to COVID-19, the minimum exploration requirements for 2020 and 2021 (years 7 and 8) were waived and both years have been taken out of the licence period, thereby extending the licence period by two years; annual requirements for years 7 through 10 (2022 – 2025) are expected to approximate the 2019 (year 6) amount of DKK 864,200 or approximately \$180,000.

Exploration License 2021/01 was granted in October 2020 and is effective until December 31, 2026. This license surrounds the Company's Storø gold project license 2014/11.

License 2020/62 was granted in September 2020 and is a prospecting license in western and southwestern Greenland.

Malmbjerg Molybdenum Project

Exploration and evaluation expenditures for the Malmbjerg Molybdenum property during the year ended March 31, 2021, totalled \$78,759 (2020 - \$396,745) and are summarized in the following table:

|                             | Year ended<br>March 31,<br>2021<br>\$ | Year ended March 31,<br>2020<br>\$ |
|-----------------------------|---------------------------------------|------------------------------------|
|                             | <u>                    </u>           | <u>                    </u>        |
| License fees, tenure        | 6,364                                 | 3,240                              |
| Consulting, deposit studies | 72,075                                | 373,436                            |
| Supplies and services       | 320                                   | 3,513                              |
| Travel                      | -                                     | 16,556                             |
|                             | <u>78,759</u>                         | <u>396,745</u>                     |

**10. FINANCIAL INSTRUMENTS**

**Fair Value**

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the reporting date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying values of cash, advances, sundry receivables and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

**10. FINANCIAL INSTRUMENTS (Continued)**

The Company based its estimate of the fair value of its investment in Shiffoil as at March 31, 2020 on the transaction prices of private placements completed shortly after that date. In April of 2020 private placements were completed by Shiffoil at a unit price of \$0.06 for one common share plus one five-year warrant exercisable at \$0.10 per share. The fair value of each of the components of the units was estimated at \$0.04 per common share and \$0.02 per warrant using the Black Scholes pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk free rate of 0.41% and expected life of 5 years. Volatility was based on the historical volatility of comparable companies. The Company therefore adjusted the value of its holdings to this newly established price as shown in the following table of Level 3 fair value adjustments.

|  | Year ended<br>March 31,<br>2021<br>\$ | Year ended<br>March 31,<br>2020<br>\$ |
|--|---------------------------------------|---------------------------------------|
| <b>Investment in Shiffoil Inc., fair value</b> | <u>          </u>                     | <u>          </u>                     |
| Balance, beginning of year                     | 80,000                                | 680,000                               |
| Change in valuation                            | -                                     | (600,000)                             |
| Disposal                                       | (80,000)                              | -                                     |
| <b>Balance, end of year</b>                    | <u>          </u>                     | <u>          </u>                     |
|  | -                                     | 80,000                                |

**Risk Factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

**Liquidity Risk:**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021, the Company had a cash balance of \$8,095,629 (2020 - \$1,223,956) to settle current liabilities of \$197,194 (2020 - \$77,423). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

**Interest Rate Risk:**

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in money market funds and investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

**Credit Risk:**

The Company's credit risk is primarily attributable to sundry receivables and expense advances. Included in sundry receivables is sales tax due from the Federal Government of Canada. From time to time the Company makes advances to certain of its personnel and suppliers to expedite work that requires them lay out funds for significant expenses that are reimbursable. These funds are either accounted for with receipts or returned. At March 31, 2021, \$23,947 (2020 - \$19,058) of advances to an officer and director were outstanding. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to these financial instruments included in sundry receivables and advances is remote.

**10. FINANCIAL INSTRUMENTS (Continued)**

Foreign Exchange Risk:

The Company's functional and reporting currency is the Canadian dollar and purchases of goods and services have generally been transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses on a cash basis in Danish Krone (DKK) or other currencies converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is, for the foreseeable future, negligible and therefore does not hedge its foreign exchange risk. As at March 31, 2021 and 2020, the Company's cash balances were all held in Canadian dollars. From time to time, certain suppliers to the Company's exploration program require deposits or advances that are denominated in DKK or USD. Historically the deposit amounts were all applied against bills, or refunded if unused, over relatively short time frames which made the exchange fluctuation effects immaterial in these stable currencies.

Price Risk:

Prices of goods and services consumed in the course of the Company's activity can fluctuate in response to supply and demand and are often driven by industry cycles. Fluctuations in commodity prices may influence financial markets and may indirectly affect the Company's ability to raise capital to fund exploration. If they vary materially from forecasts made when budgets are set it could affect the ability of the Company to complete work programs. Generally, the Company's planning time horizons are short enough that this does not present a significant risk.

Sensitivity Analysis:

Sensitivity to a 1 percentage point change in interest rates, based on the balance of cash as at March 31, 2021 would result in a change in interest income of approximately \$80,956 (2020 - \$12,240) if held over a twelve-month period.

**11. INCOME TAXES**

(a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2020 – 26.5%) were as follows:

|  | 2021<br>\$  | 2020<br>\$  |
|--|-------------|-------------|
| (Loss) before income taxes                           | (1,414,589) | (1,732,022) |
| Expected income tax recovery based on statutory rate | (375,000)   | (459,000)   |
| Adjustment to expected income tax benefit:           |             |             |
| Expenses not deductible for tax purposes             | 5,000       | 7,000       |
| Share-based compensation                             | 143,000     | 13,000      |
| Change in benefit of tax assets not recognized       | 227,000     | 439,000     |
| Deferred income tax provision (recovery)             | -           | -           |

**11. INCOME TAXES (Continued)**

(b) Deferred Income Tax

|  | 2021<br>\$       | 2020<br>\$       |
|--|------------------|------------------|
| <u>Unrecognized deductible temporary differences</u>   |                  |                  |
| Resource expenditures                                  | 1,142,000        | 2,396,000        |
| Non-capital loss carry-forwards                        | 5,215,000        | 4,383,000        |
| Capital loss carry-forwards / investment               | 110,000          | 110,000          |
| Share issue costs and other                            | 2,249,000        | 174,000          |
| <u>Deductible temporary differences not recognized</u> | <u>8,716,000</u> | <u>7,063,000</u> |

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The non-capital losses expire from 2026 to 2041. The other temporary differences do not expire under current legislation.

**12. CAPITAL MANAGEMENT**

The Company considers its capital structure to consist of capital stock, warrant and stock option reserves and accumulated deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to fund its exploration activities. 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 projects in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the years ended March 31, 2021 and 2020.

**13. COMMITMENTS AND CONTINGENCIES**

The Company's exploration and evaluation activities are subject to various international and federal laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. Under the mining law of Greenland certain levels of expenditure are required to have been incurred in order to renew licenses annually, and the Company intends to continue to meet those requirements at Storø and Malmbjerg. (See Note 9)

### **13. COMMITMENTS AND CONTINGENCIES (Continued)**

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition in future periods. The Company is closely monitoring the business environment as a result to ensure minimal disruption to business operations.

The Company is party to certain management contracts. These contracts contain aggregate annual commitments of approximately \$175,000 and additional contingent payments of approximately \$350,000 upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

In connection with the March 2021 financing disclosed in Note 7(b)(ii), the Company has agreed to issue each unit subscriber, an additional 10% of the unit securities purchased by that subscriber in that financing, for no additional consideration, in the event that the Company’s common shares are not listed on a recognized Canadian stock exchange within six months from the closing date of the financing. In addition, the Company has agreed to issue an additional 10% of the broker warrants issued to agents pursuant to this financing, in the event the Company’s shares in the event that the Company’s common shares are not listed on a recognized Canadian stock exchange within six months from the closing date of the financing.

### **14. PREVIOUS RESEARCH PROJECT**

On February 8, 2008, the Company entered into a research agreement with The Hospital for Sick Children (“HSC”) regarding funding and collaboration with respect to certain research conducted by HSC regarding brain tumour stem cells and the Company funded \$300,000 of research expenses. The Company is entitled to 10% of HSC’s net proceeds from any commercialization agreements pertaining to intellectual property derived from that research. HSC reports that the larger research project, which includes some of the materials subject to the Company’s interest, is ongoing.

### **15. SEGMENTED INFORMATION**

The Company’s operations consist of the acquisition, exploration and development of mineral properties. During the years ended March 31, 2021 and 2020, substantially all of the Company’s assets and operations related to the acquisition, exploration and development of resource properties were held in Canada. All of its exploration properties were located in Greenland.

### **16. SUBSEQUENT EVENTS**

On May 28, 2021, the Company announced that it had closed the sale of its wholly-owned subsidiary, Copenhagen Minerals Inc., as described in Note 5.