OrganiMax Nutrient Corp.
(An Exploration Stage Enterprise)

Consolidated Financial Statements
For the Years Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

Smythe
CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ORGANIMAX NUTRIENT CORP.

Opinion
We have audited the consolidated financial statements of OrganiMax Nutrient Corp. (the "Company"), which comprise:
- the consolidated statement of financial position as at June 30, 2020;
- the consolidated statement of loss and comprehensive loss for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2020, and its consolidated financial performance and consolidated cash flows for the year 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $136,755 during the year ended June 30, 2020 and, as of that date, had an accumulated deficit of $11,523,051. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter
The consolidated financial statements of the Company as at and for the year ended June 30, 2019 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on October 28, 2019.

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Smythe LLP | **smythecpa.com**

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
October 28, 2020

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

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

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OrganiMax Nutrient Corp.

(An Exploration Stage Enterprise)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at	June 30, 2020	June 30, 2019
	$	$
ASSETS		
Current		
Cash	63,791	60,141
Amounts receivable	32,466	91,029
Prepaid expenses	-	31,542
	96,257	182,712
Equipment (Note 4)	7,783	10,052
Exploration and evaluation assets (Note 5)	3,637,402	2,782,448
Total Assets	3,741,442	2,975,212
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (Notes 8 and 13)	1,606,112	1,141,127
	1,606,112	1,141,127
Loan payable (Note 6)	40,000	-
Total Liabilities	1,646,112	1,141,127
Shareholders' equity		
Share capital (Note 7)	5,412,680	4,954,680
Share subscriptions received in advance	-	60,000
Reserves	8,205,701	8,205,701
Deficit	(11,523,051)	(11,386,296)
Total equity	2,095,330	1,834,085
Total liabilities and shareholders' equity	3,741,442	2,975,212

Nature of operations and going concern (Note 1)
Subsequent event (Note 13)

These consolidated financial statements were authorized for issued by the Board of Directors on October 28, 2020. They are signed on the Company's behalf by:

"*Timothy Mosey*"

Director

"*Brandon Rook*"

Director

OrganiMax Nutrient Corp.

(An Exploration Stage Enterprise)

Consolidated Statements of Loss and Comprehensive Loss

For the years ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

	2020	2019
	$	$
EXPENSES		
Advertising and promotion	13,778	25,187
Consulting fees (Note 8)	85,880	295,475
Depreciation (Note 4)	2,320	3,314
General administrative (Note 8)	93,835	96,820
Professional fees (Note 8)	104,552	109,166
Salaries and wages (Note 8)	120,184	-
Share-based payments (Notes 7 and 8)	-	6,776
Stock exchange and filing fees	-	800
LOSS BEFORE OTHER ITEMS	(420,549)	(537,538)
OTHER ITEMS		
Foreign exchange gain (loss)	226,304	(11,243)
Interest and other income	5,352	-
Write-off of accounts payable (Note 8)	52,138	-
Write down of mineral property (Note 5)	-	(207,135)
NET LOSS AND COMPREHENSIVE LOSS	(136,755)	(755,916)
Loss and comprehensive loss per share, basic and diluted	(0.01)	(0.08)
Weighted average number of common shares outstanding, basic and diluted	17,369,157	9,424,785

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

OrganiMax Nutrient Corp.

(An Exploration Stage Enterprise)

Consolidated Statements of Changes in Shareholders' Equity

For the years ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

	Common Shares					
	Number of Shares (Note 7)	Amount	Subscriptions Received in Advance	Reserves	Deficit	Total Shareholders' Equity
Balance, June 30, 2018	9,424,785	4,954,680	-	8,198,925	(10,630,380)	2,523,225
Subscriptions received in advance	-	-	60,000	-	-	60,000
Share-based payments	-	-	-	6,776	-	6,776
Loss and comprehensive loss	-	-	-	-	(755,916)	(755,916)
Balance, June 30, 2019	9,424,785	4,954,680	60,000	8,205,701	(11,386,296)	1,834,085
Private Placement	9,260,000	463,000	(60,000)	-	-	403,000
Share issuance costs	-	(5,000)	-	-	-	(5,000)
Loss and comprehensive loss	-	-	-	-	(136,755)	(136,755)
Balance, June 30, 2020	18,684,785	5,412,680	-	8,205,701	(11,523,051)	2,095,330

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

OrganiMax Nutrient Corp.

(An Exploration Stage Enterprise)

Consolidated Statements of Cash Flows

For the years ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

	2020	2019
	$	$
CASH USED IN:		
OPERATING ACTIVITIES		
Loss and comprehensive loss	(136,755)	(755,916)
Items not involving cash		
Depreciation	2,320	3,314
Foreign exchange loss	(226,304)	12,757
Share-based payments	-	6,776
Write-off of accounts payable	(52,138)	-
Write down of mineral property	-	207,135
Changes in non-cash working capital items:		
Amounts receivable	58,563	(28,680)
Prepaid expenses	31,542	(24,814)
Accounts payable and accrued liabilities	(108,105)	231,777
	(430,877)	(347,651)
FINANCING ACTIVITIES		
Proceeds from share issuance, net of issue costs	398,000	-
Share subscriptions received in advance	-	60,000
Proceeds from loan payable	40,000	-
	438,000	60,000
INVESTING ACTIVIES		
Exploration and evaluation assets expenditures	(2,599)	(125,475)
Purchases of equipment	(874)	-
	(3,473)	(125,475)
INCREASE (DECREASE) IN CASH	3,650	(413,126)
CASH, BEGINNING OF THE YEAR	60,141	473,267
CASH, END OF THE YEAR	63,791	60,141
Supplemental Cash Flow Information:		
Income tax paid	-	-
Interest paid	-	-
Non-cash financing and investing activities:		
E&E expenditures included within AP	1,448,324	596,792
Depreciation included within E&E Assets	823	968

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

1. NATURE OF OPERATIONS AND GOING CONCERN

OrganiMax Nutrient Corp. (the “Company”) was incorporated on July 10, 2003 under the laws of British Columbia. On April 28, 2016, the Company changed its name from Benton Capital Corp. to Alset Energy Corp. On May 3, 2017, the Company further changed its name to Alset Minerals Corp., and retained the same ticker symbol “ION” on the TSX Venture Exchange. On August 28, 2018, the Company further changed its name to OrganiMax Nutrient Corp. and ticker symbol to “KMAX” on the TSX Venture Exchange. The Company is an exploration stage company which engages in the business of acquisition, exploration and development of mineral properties in Canada and Mexico. The Company’s head office is located at Suite 1400 – 1040 West Georgia Street, Vancouver, B.C., V6E 4H8. The Company began trading on the TSX Venture Exchange in April 2005.

The Company had a working capital deficiency of $1,509,855 (2019 - $958,415) and a deficit of $11,523,051 (2019 - $11,386,296) as at June 30, 2020, which has been funded mainly by the issuance of equity. The accompanying consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company’s ability to generate future profitable operations and/or generate continued financial support in the form of equity financings. These material uncertainties may cast significant doubt regarding the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and the financial position classification that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as Covid-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant effects on the world’s equity markets and the movement of people and goods has become restricted. As the Company does not have production activities, the ability to fund ongoing exploration is affected by the availability of financing. Due to market uncertainty, the Company may be restricted in its ability to raise additional funding. The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements of the Company for the year ended June 30, 2020 were reviewed, approved and authorized for issue by the Board of Directors on October 28, 2020.

Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis, except for cash flow information, and are based on historical costs except for certain financial instruments, which are measured at fair value. The consolidated financial statements are presented in Canadian dollars which is also the functional currency of the Company and its subsidiary.

2. BASIS OF PREPARATION (continued)

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Grupo Minero Alset, S.A. de. C.V. ("Grupo") in Mexico. Grupo was incorporated on June 7, 2016. All inter-company balances and transactions have been eliminated on consolidation.

Use of Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available.

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

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

Management estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of exploration and evaluation assets. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

2. BASIS OF PREPARATION (continued)

Use of Accounting Judgments, Estimates and Assumptions (continued)

b) Title to Mineral Properties

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

c) Going Concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

d) Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiaries. Functional currency was determined based on the currency in which funds are sourced and the degree of dependence by the subsidiary on the Company for financial support.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements as if the policies have always been in effect.

Foreign Currency Translation

The functional currency of each of the Company's entities is determined using primary and secondary indicators related to the economic environment in which that entity operates. The Canadian dollar is the Company's functional and presentation currency. The functional currency of the subsidiary is also the Canadian dollar. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the consolidated statement of loss and comprehensive loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the consolidated statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs associated with exploration and evaluation activity (e.g. geological, geophysical studies, exploratory drilling and sampling), and the fair value (at acquisition date) of exploration and valuation and evaluation assets acquired in a business combination. The Company follows the practice of capitalizing all costs related to the acquisition of, exploration for and evaluation of mineral claims and crediting all revenue received against the cost of related claims. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related mineral property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The aggregate costs related to abandoned mineral claims are charged to operations at the time or any abandonment or when it has been determined that there is evidence of a permanent impairment.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

When options are granted on exploration and evaluation assets or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported in profit or loss.

Cash Equivalents

Cash equivalents comprise demand deposits, short-term investments and highly liquid investments that are readily convertible into known amounts or cash and which are subject to an insignificant risk of changes in value. As at June 30, 2020 and 2019 there were no cash equivalents.

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options, and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new share options and are shown in equity as a deduction, net of tax, from the proceeds. Where the Company issued common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-Based Payments

The Company operates an incentive stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of share-based payments is charged to profit or loss with a corresponding credit recorded to reserves. The fair value of options is determined using the Black–Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

<u>Financial assets</u>

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its financial assets:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Fair value through OCI ("FVOCI"): For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. Under this new FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss in the period in which it arises.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

Financial liabilities

Financial liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of operations. Realized and unrealized gains and losses arising from changes in the fair value of the financial liabilities held at FVTPL are included in the consolidated statements of loss in the period in which they arise.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. At present, the Company classifies all of its financial liabilities as held at amortized cost.

Impairment of Assets

The carrying amounts of the Company's assets (which include equipment and exploration and evaluation assets) are 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. Impairment of mineral property exploration interests is generally considered to have occurred if one of the following factors is present: the right to explore has expired or is near to expiry with no expectation of renewal, no further substantive expenditures are planned, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale. 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 profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Assets (continued)

The recoverable amount of assets is the higher 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, however, not 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.

Income Taxes

Current income taxes:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company and its subsidiary operate and generate taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income taxes:

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada's flow-through regulations. When applicable, this tax is accrued as a financial expense.

Flow-through shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

Restoration and Environmental Obligations

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 exploration and evaluation assets 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. The restoration asset will be depreciated on the same basis as other mining assets.

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 mining assets 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.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restoration and Environmental Obligations (continued)

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. At June 30, 2020 and 2019, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses.

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

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

Depreciation is calculated using the declining balance method to allocate the cost of the assets over their estimated useful lives. The depreciation rates applicable to each category of equipment are as follows:

Computer hardware and software	30% declining balance
Drilling and exploration equipment	30% declining balance

Depreciation is recorded pro-rata in the year of acquisition. Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the net loss applicable to the common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. The dilution is calculated based upon the net number of common shares issued should "in the money" options and warrants be exercised and the proceeds used to repurchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Pronouncements

On January 13, 2016, the IASB published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019, with early application permitted.

The adoption of IFRS 16 did not impact the Company's consolidated financial statements as the Company does not have any long-term leases.

4. EQUIPMENT

	Computer Hardware and Software	Drilling and Exploration Equipment	Total
	$	$	$
COST			
Balance at June 30, 2018 and June 30, 2019	16,571	4,313	20,884
Additions	-	874	874
Balance at June 30, 2020	16,571	5,187	21,758
DEPRECIATION			
Balance at June 30, 2018	5,522	1,027	6,549
Depreciation	3,315	968	4,283
Balance at June 30, 2019	8,837	1,995	10,832
Depreciation	2,320	823	3,143
Balance at June 30, 2020	11,157	2,818	13,975
NET CARRYING AMOUNT AS AT			
June 30, 2019	7,734	2,318	10,052
June 30, 2020	5,414	2,369	7,783

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production, or written-down if the properties are allowed to lapse, are impaired, or are abandoned. The deferred costs associated with each property for years ended June 30, 2020 and 2019 are summarized in the tables below:

	Lithium Salars
	$
Acquisition costs	
Balance, June 30, 2019	1,656,217
Acquisition	-
Total, June 30, 2020	1,656,217
Exploration and evaluation costs	
Balance, June 30, 2019	1,126,231
Depreciation	823
Field supplies and miscellaneous	2,055
Permitting and prospecting	544
Taxes and duties	851,532
Total, June 30, 2020	1,981,185
Total, June 30, 2020	3,637,402

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

	Lithium Salars	Champion Graphite	Total
	$	$	$
Acquisition costs			
Balance, June 30, 2018	1,271,669	130,026	1,401,695
Acquisition	384,548	-	384,548
Write-down of property	-	(130,026)	(130,026)
Total, June 30, 2019	1,656,217	-	1,656,217
Exploration and evaluation costs			
Balance, June 30, 2018	1,015,296	68,859	1,084,155
Assays and analysis	36,654	-	36,654
Field supplies and miscellaneous	1,298	-	1,298
Geological consultants	49,269	8,250	57,519
Legal and administration	19,382	-	19,382
Travel and accomodation	4,332	-	4,332
Write-down of property	-	(77,109)	(77,109)
Balance, June 30, 2019	1,126,231	-	1,126,231
Total, June 30, 2019	2,782,448	-	2,782,448

(a) **Lithium Salars, Mexico**

Pursuant to an agreement dated July 28, 2016 and amended on April 7, 2017 with MKG Mining Mexico, S.A. de C. V. (“MKG”), the Company acquired a 100% interest in lithium, potassium, boron soils, and brine salar assets located in Zacatecas and San Luis Potosi, Mexico, which includes four large concessions containing seven top priority salars namely, Caliguey, La Doncella, Colorada, La Salada, Santa Clara, Saldivar and Chapala. As consideration for the properties, the Company agreed to pay the outstanding mining taxes on the four concessions of $143,870 (paid) and US$210,000 to MKG. During the year ended June 30, 2017, the Company paid US$20,000 in cash and issued 700,505 common shares of the Company as payment of the remaining US$190,000 balance.

The Company also paid $44,587 as finder’s fee to an individual who became a director of the Company in March 2017.

The property is subject to a 2% net smelter royalty (“NSR”) of which 1% can be purchased by the Company for US$250,000. The property is also subject to a 0.25% NSR in favour of the finder mentioned above.

5. EXPLORATION AND EVALUATION ASSETS (continued)

(a) Lithium Salars, Mexico (continued)

Pursuant to an agreement dated June 15, 2017, the Company entered into an assignment of mining rights and obligations agreement with Hot Spring Mining, S.A. de C.V. ("Hot Spring Mining") to acquire two concessions located in Zacatecas and San Luis Potosi, Mexico. The Company agreed to issue 444,444 common shares to Hot Spring Mining as consideration for the properties (issued in August 2017). The Company also agreed to pay the outstanding mining taxes on the two concessions totaling $180,998. The properties are subject to a 2.5% NSR of which the Company has the right to purchase up to 1.5% for $1,500,000.

In November 2017, the Company completed the staking and filing of additional mineral claims for this property.

During the year ended June 30, 2019, the Company incurred acquisitions costs of $155,839 which consist of annual mining fees on the mining claims that make-up the property.

Subsequent to June 30, 2020, the Company has been successful in challenging the Mexican Mining Authority in the Federal Court of Administrative Justice to reduce its land position significantly focusing on its three primary salar assets and in so doing eliminating the past 3 years of back dated taxes charged by the government to the Company on its total land package. The judgment in favour has resulted in the Company's accounts payable and corresponding exploration and evaluation assets having been decreased by approximately $1,409,095 subsequent to year end.

(b) Champion Graphite, Ontario

The 100% owned Champion Graphite property is located 60km north of Kenora, Ontario and consists of 29 units in 2 unpatented mining claims. The Company acquired the property in 2016 from Benton Resources Inc. ("Benton"), a company related by common directors and officers, by issuance of 1 million common shares of the Company to Benton. The property is subject to a 2% NSR, one-half of which 1% can be bought back by the Company for $500,000. During the year ended June 30, 2019, the Company identified impairment indicators with respect to the Champion Graphite Property as the claims were cancelled as of June 30, 2019. Consequently, the Company recorded impairment in the amount of $207,135 in connection with the Champion Graphite Property.

6. LOAN PAYABLE

On April 28, 2020, the Company received $40,000 under the Canada Emergency Business Account ("CEBA"). The loan is non-interest bearing and no principal repayments are required up to December 31, 2022. If the principal balance of $30,000 is repaid by December 31, 2022, then the remaining $10,000 of the principal balance will be forgiven. Any remaining balance after January 1, 2023 will be converted into a 3 year term loan with a fixed interest of 5% per annum, monthly interest-only payments and the outstanding balance must be repaid in full by December 31, 2025.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized:
Class A common - unlimited
Class B common - unlimited
Common shares - unlimited
Issued:
Class A common - Nil
Class B common - Nil
Common shares – 18,684,785 shares

(a) Shares issued

On August 21, 2019, the Company received approval from the TSX Venture Exchange for a non-brokered $0.05 unit private placement financing. The Company issued 9,260,000 units for gross proceeds of $463,000, each unit consisting one common share and one common share purchase warrant. $60,000 of these gross proceeds were received in the year ended June 30, 2019. Each warrant entitles the holder to purchase one common share at a price of $0.075 per share at any time within two years of the date of issuance.

There were no share issuances during the year ended June 30, 2019.

(b) Stock options

The Company has adopted an incentive stock option plan for granting options to directors, employees and consultants. The exercise prices shall be determined by the board, but shall, in no event, be less than the closing market price of the Company's shares on the grant date, less the maximum discount permitted under the TSX Venture Exchange's policies. Options granted may not exceed a term of five years. All options vest upon grant unless otherwise specified by the Board of Directors. In the annual general and extraordinary meeting held on March 23, 2017, the shareholders of the Company authorized the granting of options to a maximum of 996,893 common shares.

Details of stock option transactions for the years ended June 30, 2020 and 2019 are detailed below.

	Number of Options	Weighted Average Exercise Price
		$
Balance, June 30, 2018	485,504	0.45
Expired and forfeited	(277,172)	1.20
Balance, June 30, 2019	208,332	1.21
Expired	(83,333)	0.99
Balance, June 30, 2020	124,999	1.35

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(b) Stock options (continued)

As at June 30, 2020, the following stock options were outstanding:

Expiry Date	Exercise Price	Number of Options	Options Exercisable
	$		
April 21, 2021	0.63	25,000	25,000
July 27, 2021	3.51	11,111	11,111
December 12, 2021	1.17	33,333	33,333
May 10, 2022	1.35	55,555	55,555
		124,999	124,999

The weighted average life of the options outstanding and exercisable at June 30, 2020 is 1.47 years (2019 – 2.44 years).

During the year ended June 30, 2020, the Company did not grant any stock options, and recorded share-based payments of $Nil (2019 - $6,776) for options granted in a prior year. The fair value was calculated using the Black-Scholes model with the following weighted average assumptions:

	2020	2019
Risk-free interest rate	-	1.98%
Expected dividend yield	-	0%
Expected stock price volatility	-	165%
Expected life in years	-	2.95

(c) Warrants

The changes in warrants during the years ended June 30, 2020 and 2019 were as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, June 30, 2018	2,682,912	0.600
Expired	(774,286)	1.480
Balance, June 30, 2019	1,908,626	0.510
Issued	9,260,000	0.075
Expired	(296,825)	0.900
Balance, June 30, 2020	10,871,801	0.130

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(b) Stock options (continued)

Warrants outstanding at June 30, 2020 were as follows:

Expiry Date	Number of Warrants	Exercise Price
		$
April 13, 2021	1,378,361	0.450
April 13, 2021	233,440	0.360
August 21, 2021	9,260,000	0.075
	10,871,801	

8. RELATED PARTY TRANSACTIONS

The Company accrued the following amounts to related parties during the years ended June 30, 2020 and 2019:

Payee	Description of Relationship	Nature of Transaction	2020	2019
			$	$
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, officer and former director	Legal fees and consulting fees	15,211	26,825
Emily Hanson	Former Vice President, Exploration, and former director	Geological consulting fees	-	33,000
Gilberto Zapata Casteneda	Former Director, and former CFO	Consulting fees	40,160	40,600
Timothy Mosey	Director	Consulting fees	-	105,000
William Gennen McDowall	Former president, former CEO	Consulting fees	-	27,000
Brandon Rook	CEO and director	Consulting fees and salaries and wages	122,308	88,000
Golden Tree Capital Corp.	Company controlled by Dong Shim, CFO	Accounting fees	36,000	36,000
SHIM & Associates LLP	Company controlled by Dong Shim, CFO	Accounting fees	16,000	14,000

The services provided by and fees charged by the related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS (continued)

Amounts due to related parties as at June 30, 2020 and 2019 were as follows:

Payee	Description of Relationship	2020	2019
		$	$
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, officer and former director	-	15,850
Gilberto Zapata Casteneda	Former Director, and former CFO	9,280	-
Albert Wu & Associates Ltd.	Company controlled by Alberta Wu, former CFO	4,620	4,620
Allan Laboucan	Former president, former CEO, and a former director	36	36
Timothy Mosey	Director	-	39,000
Brandon Rook	CEO and director	-	44,659
Golden Tree Capital Corp.	Company controlled by Dong Shim, CFO	12,600	14,800
SHIM & Associates LLP	Company controlled bu Dong Shim, CFO	8,500	8,400

The amounts due to related parties are included in accounts payable and are non-interest bearing, unsecured, and have repayment terms similar to other non-related party trade payables.

During the year ended June 30, 2020, the Company wrote-off accounts payable to Mr. Timothy Mosey and Golden Tree Capital Corp. in the amount of $21,500 and $7,950, respectively.

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-terms benefits and termination benefits were made during the years ended June 30, 2020 and 2019.

Short-term key management compensation consists of the following for the year ended June 30, 2020 and 2019:

	2020	**2019**
	$	$
Professional fees	67,211	69,240
Consulting fees	50,160	227,585
General administrative	-	40,600
Geological consulting fees, recorded in exploration and evaluation assets	-	33,000
Salaries and wages	112,308	-
Share-based payments	-	6,776
	229,679	377,201

9. CAPITAL DISCLOSURES

The Company's objectives when managing capital are as follows:

- To safeguard the Company's ability to continue as a going concern;
- To raise sufficient capital to finance its exploration activities on its mineral exploration properties;
- To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it based on the general economic conditions, its short-term working capital requirements, and its planned exploration and development program expenditure requirement. The capital structure of the Company is composed of working capital (deficiency) and shareholders' equity. The Company may manage its capital by issuing flow through or common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the current period. In order to maintain or adjust the capital structure, the Company considers the following;

i) incremental investment and acquisition opportunities;
ii) equity and debt capital available from capital markets;
iii) equity and debt credit;
iv) sale of assets;
v) new share issuances if available on favorable terms.

The Company is not subject to any external financial covenants at June 30, 2020 and 2019.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

IFRS establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2 - 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash, which is classified as Level 1.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Assets measured at fair value on a recurring basis were presented on the Company's consolidated statements of financial position as at June 30, 2020 and 2019 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	$	$	$	$
Cash and cash equivalents				
June 30, 2020	63,791	-	-	63,791
June 30, 2019	60,141	-	-	60,141

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at June 30, 2020 and 2019 because of the demand nature or short-term maturity of these instruments.

The following table summarizes the carrying value of the Company's financial instruments:

	June 30, 2020	June 30, 2019
	$	$
Fair value through profit and loss (i)	63,791	60,141
Amortized cost (ii)	1,646,112	1,141,127

(i) Cash
(ii) Accounts payable and loan payable

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk, currency risk and market risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash. The Company's cash are held through a large Canadian financial institution. Management believes the risk of loss to be remote.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In management's opinion, the Company is not exposed to significant interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash is always available to settle financial liabilities. At June 30, 2020, the Company had cash on hand of $63,791 (2019 - $60,141) available to settle current liabilities of $1,606,112 (2019 - $1,141,127). All of the Company's financial liabilities have contractual maturities of less than 30 days, with the exception of the loan with terms disclosed in note 6,and are subject to normal trade terms.

(d) Currency risk

The Company's functional currency is the Canadian dollar. The Company is primarily exposed to currency fluctuations related to accounts payable and accrued liabilities and payment obligations for exploration and evaluation that are denominated in Mexican Pesos. As at June 30, 2020, the Company had net current liabilities of $1,452,864 (2019 – $835,893) denominated in Mexican Pesos which was translated at 0.05905 pesos to $1 (2019 - 0.06821). The Company does not actively manage this risk.

(e) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as market prices, foreign exchange rates and interest rates. In management's opinion, the Company is not exposed to significant market risk

(Expressed in Canadian Dollars)

11. SEGMENTED INFORMATION

The Company currently operates in two geographical operating segments, the exploration of mineral properties in Canada and Mexico. Management of the Company makes decisions about allocating resources based on the operating segments. A geographic summary of identifiable assets and liabilities by country is as follows:

As at June 30, 2020			
	Canada	Mexico	Total
	$	$	$
Equipment	5,414	2,369	7,783
Exploration and evaluation assets	-	3,637,402	3,637,402

As at June 30, 2019			
	Canada	Mexico	Total
	$	$	$
Equipment	7,734	2,318	10,052
Exploration and evaluation assets	-	2,782,448	2,782,448

12. INCOME TAXES

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion of all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are expected to reverse. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

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

	2020	**2019**
	$	$
Non capital losses	1,097,000	782,000
Exploration and evaluation assets	640,000	640,000
Share issuance costs	1,000	17,000
Capital Assets	13,000	13,000
Unrecognized deferred income tax assets	(1,751,000)	(1,439,000)
Net deferred income tax assets	-	–

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates at 27% (2019 – 27%) to the amount reported in these consolidated financial statements:

(Expressed in Canadian Dollars)

12. INCOME TAXES (continued)

	2020	2019
	$	$
Income tax recovery at statutory rate	(37,000)	(204,311)
Non-deductible items	(82,000)	(72,099)
Income tax rate difference	7,000	(1,322)
Change in estimate and other	(199,000)	(32,286)
Change in unrecognized deferred income tax assets	312,000	310,018
Income tax recovery	-	-

As at June 30, 2020, the amount of deductible temporary differences for which no deferred tax asset is recognized in the consolidated statements of financial position is mainly the Company's non-capital losses carried forward of approximately $3,126,000 which are available to offset future years' taxable income earned in Canada. Any losses incurred in Mexico are carried forward until utilized. The losses incurred in Canada expire as follows:

	$
2034	124,000
2035	235,000
2036	244,000
2037	559,000
2038	817,000
2039	729,000
2040	418,000
	3,126,000

13. SUBSEQUENT EVENT

Subsequent to June 30, 2020, the Company has been successful in challenging the Mexican Mining Authority in the Federal Court of Administrative Justice to reduce its land position significantly focusing on its three primary salar assets and in so doing eliminating the past 3 years of back dated taxes charged by the government to the Company on its total land package. The judgment in favour has resulted in the Company's accounts payable and corresponding exploration and evaluation assets having been decreased by approximately $1,409,095.

On September 30, 2020 the Company closed a private placement through the issuance of 4,400,000 units at $0.05 per unit for gross proceeds of $220,000. Each unit consists of one common share and one share purchase warrant. Each full warrant entitles the holder to purchase an additional common share at $0.015 for 24 months from the date of closing of the private placement.