

**CANADIAN ENERGY MATERIALS CORP.**  
(formerly Canadian International Minerals Inc.)

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

## Independent Auditor's Report

To the Shareholders of Canadian Energy Materials Corp.

### Opinion

We have audited the consolidated financial statements of Canadian Energy Materials Corp. ("the Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and March 31, 2018 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2019 and March 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 2 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's 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 auditor's 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 International Financial Reporting Standards, 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.

## **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 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 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 on the audit resulting in this independent auditor's report is Diana Huang.

**"Crowe MacKay LLP"**

**Chartered Professional Accountants  
Vancouver, Canada  
July 29, 2019**

**CANADIAN ENERGY MATERIALS CORP.**  
(formerly Canadian International Minerals Inc.)  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
March 31, 2019 and 2018  
(Expressed in Canadian Dollars)

	<b>March 31, 2019</b>	<b>March 31, 2018</b>	<b>April 1, 2017</b>
		(Restated – Note 5)	(Restated – Note 5)
<b>ASSETS</b>			
Current			
Cash	\$ 303,363	\$ 781,788	\$ 2,320
Amount receivable	74,536	11,251	3,623
Prepaid expenses and deposit (Note 11)	18,821	83,391	2,165
	396,720	876,430	8,108
Exploration and evaluation assets (Note 8)	1,927,530	-	111,500
Equipment	7,170	566	759
	\$ 2,331,420	\$ 876,996	\$ 120,367
<b>LIABILITIES</b>			
Current			
Accounts payable and accrued liabilities (Note 11)	\$ 168,008	\$ 203,249	\$ 198,398
Loans payable (Note 9)	310	13,400	-
Premium on flow-through shares (Note 10)	77,750	-	-
	246,068	216,649	198,398
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>			
Share capital (Note 10)	13,898,404	11,604,542	10,809,272
Share subscriptions (receivable) (Note 10)	15,000	(24,000)	5,000
Reserves (Note 10)	3,413,823	3,238,017	2,778,812
Deficit	(15,241,875)	(14,158,212)	(13,671,115)
	2,085,352	660,347	(78,031)
	\$ 2,331,420	\$ 876,996	\$ 120,367

Going concern (Note 2)  
Commitments (Notes 8 and 14)

APPROVED ON BEHALF OF THE BOARD:

“Michael Schuss” Director  
Michael Schuss

“Geoff Balderson” Director  
Geoff Balderson

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CANADIAN ENERGY MATERIALS CORP.**  
(formerly Canadian International Minerals Inc.)  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
For the years ended March 31, 2019 and 2018  
(Expressed in Canadian Dollars)

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
		(Restated – Note 5)
Administrative expenses		
Consulting fees (Note 11)	\$ 186,244	\$ 113,162
Depreciation	1,839	193
Interest and bank charges	7,560	386
Management and director fees (Note 11)	42,000	20,700
Office and general	36,068	7,810
General exploration costs (Note 11)	598,903	12,335
Professional fees (Note 11)	64,455	27,830
Rent	11,000	-
Shareholder communications	45,478	5,617
Share-based payments (Notes 10 and 11)	-	156,640
Transfer agent and filing fees	34,329	29,263
Travel	55,622	3,031
Write-off of exploration and evaluation assets (Note 8)	16,165	111,500
	(1,099,663)	(488,467)
Other items:		
Other income (Note 10)	16,000	-
Write-off of accounts payable	-	1,370
Net loss and comprehensive loss for the year	\$ (1,083,663)	\$ (487,097)
Basic and diluted loss per share	\$ (0.08)	\$ (0.12)
Weighted average number of common shares outstanding	13,777,781	4,231,302

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CANADIAN ENERGY MATERIALS CORP.**

(formerly Canadian International Minerals Inc.)

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**

For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

	<b>Number of Shares</b>	<b>Capital Stock</b>	<b>Share Subscriptions</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total Shareholders' Equity (Deficit)</b>
					(Restated – Note 5)	
Balance, March 31, 2017	2,698,117	\$ 10,809,272	\$ 5,000	\$ 2,778,812	\$ (13,671,115)	\$ (78,031)
Subscriptions returned	-	-	(5,000)	-	-	(5,000)
Share issuances						
Private placement	67,500	14,438	-	12,562	-	27,000
Private placement	2,455,000	491,000	-	-	-	491,000
Private placement	4,000,000	426,666	(24,000)	213,334	-	616,000
Share issue cost	-	(60,165)	-	-	-	(60,165)
Agent's warrants	-	(76,669)	-	76,669	-	-
Share-based payments	-	-	-	156,640	-	156,640
Comprehensive loss for the year	-	-	-	-	(487,097)	(487,097)
Balance, March 31, 2018	9,220,617	11,604,542	(24,000)	3,238,017	(14,158,212)	660,347
Subscription received	-	-	24,000	-	-	24,000
Share issuances						
Private placement \$0.15	2,142,733	244,899	-	76,511	-	321,410
Private placement \$0.20	1,150,000	179,138	-	50,862	-	230,000
Private placement \$0.20	725,000	112,763	-	32,237	-	145,000
Reallocation of premium on flow-through	-	(93,750)	-	-	-	(93,750)
Share issue cost	-	(32,992)	-	-	-	(32,992)
Finder's fees	-	(16,196)	-	16,196	-	-
Subscription received	-	-	15,000	-	-	15,000
Shares issued pursuant to agreement	12,000,000	1,800,000	-	-	-	1,800,000
Finders fees	666,666	100,000	-	-	-	100,000
Comprehensive loss for the year	-	-	-	-	(1,083,663)	(1,083,662)
Balance, March 31, 2019	25,905,016	\$ 13,898,404	\$ 15,000	\$ 3,413,823	\$ (15,241,875)	\$ 2,085,353

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**CANADIAN ENERGY MATERIALS CORP.**  
(formerly Canadian International Minerals Inc.)  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the years ended March 31, 2019 and 2018  
(Expressed in Canadian Dollars)

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
		(Restated – Note 5)
<b>Operating Activities</b>		
Net loss for the year	\$ (1,083,663)	\$ (487,097)
Items not affecting cash:		
Other income	(16,000)	-
Depreciation	1,839	193
Share-based payments	-	156,640
Write-off of accounts payable	-	(1,370)
Write-off of exploration and evaluation assets	16,165	111,500
	(1,081,659)	(220,134)
Changes in non-cash working capital items related to operations:		
Amount receivable	(63,285)	(7,628)
Prepaid expenses and deposit	64,570	(81,226)
Accounts payable and accrued liabilities	(35,241)	6,221
<b>Cash used in operating activities</b>	<b>(1,115,615)</b>	<b>(302,767)</b>
<b>Financing Activities</b>		
Shares issued for cash	696,410	1,134,000
Share issue costs	(32,992)	(60,165)
Share subscriptions received in advance (returned)	39,000	(5,000)
Loans payable (repaid)/advanced	(13,090)	13,400
<b>Cash provided by financing activities</b>	<b>689,328</b>	<b>1,082,235</b>
<b>Investing Activities</b>		
Equipment	(8,443)	-
Exploration and evaluation assets	(43,695)	-
<b>Cash (used in) provided by investing activities</b>	<b>(52,138)</b>	<b>-</b>
<b>Increase (decrease) in cash during the year</b>	<b>(478,425)</b>	<b>779,468</b>
Cash, beginning of year	781,788	2,320
<b>Cash, end of the year</b>	<b>\$ 303,363</b>	<b>\$ 781,788</b>
<b>Supplemental Disclosure of Cash Flow Information (Note 6):</b>		
Cash paid during the year:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

## **1. CORPORATE INFORMATION**

The Company was incorporated on March 2, 2006 in British Columbia. The head office, principal address and records office of the Company are located at 750 - 1095 W Pender Street, Vancouver, British Columbia, Canada, V6E 2M6. The Company's registered address is at the same address.

The Company is in the process of acquiring and exploring its resource properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company is listed on the TSX Venture Exchange ("TSX V") under the symbol "CIN". On April 12, 2018, the Company changed its name to Canadian Energy Materials Corp. and its trading symbol to "CHEM".

## **2. BASIS OF PREPARATION**

### **(a) Statement of Compliance**

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

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 29, 2019.

### **(b) Basis of Measurement**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### **(c) Going Concern**

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At March 31, 2019, the Company has not achieved profitable operations, has accumulated losses of \$15,241,875 since inception and expects to incur further losses in the development of its business. The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

#### Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary CIN Energy Materials Inc. The results of the subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

CIN Energy Materials Inc. was acquired on December 21, 2018 and all material intercompany transactions and balances have been eliminated on consolidation. As at March 31, 2019, CIN Energy Materials Inc. was inactive.

#### Exploration and Evaluation Assets

##### *Exploration and evaluation rights to explore*

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration, option payment under an earn-in arrangement and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development and development costs are capitalized to "mines under construction" on the consolidated statement of financial position. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

##### *Exploration and evaluation expenditures*

Exploration and evaluation ("E & E") expenditures are charged to operations in the year incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment.

#### Equipment

Equipment is stated at cost less accumulated depreciation and impairment losses. The residual value, useful life and depreciation method are evaluated every reporting period and changes to the residual value, estimated useful life or depreciation method resulting from such review are accounted for prospectively. Depreciation is provided for using the declining-balance method at the following rates per annum:

Computer equipment	30%
Office equipment	20%

### **3. SIGNIFICANT ACCOUNTING POLICIES – (cont’d)**

#### Impairment of Assets

The Company’s assets are reviewed for an indication of impairment at each consolidated statement of financial position date. If indication of impairment exists, the asset’s recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the profit or loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset’s fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### Financial Instruments

The Company has adopted IFRS 9 retrospectively as of April 1, 2018. Changes in accounting policies resulting from the adoption of IFRS 9 did not have a material impact on the Company’s consolidated financial statements.

#### *Financial Assets - Classification*

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 (“FVTPL”), and
- Those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company’s cash are measured at FVTPL.

### **3. SIGNIFICANT ACCOUNTING POLICIES – (cont’d)**

#### Financial Instruments – (cont’d)

##### *Financial Assets - Measurement*

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, the 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 the 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 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 in finance income using the effective interest rate method.
- **Fair value through OCI (“FVOCI”):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- **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 and presented net as revenue in the Consolidated Statement of Loss and Comprehensive Loss in the period which it arises.

##### *Impairment of Financial Assets at Amortized Cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

### **3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)**

#### Financial Instruments – (cont'd)

##### *Financial Liabilities*

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

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 rate method. The Company classifies its accounts payable and accrued liabilities and loans payable as financial liabilities held at amortized cost.

#### Provisions

##### *Rehabilitation Provision*

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration and evaluation assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

##### *Other Provisions*

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

### **3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)**

#### Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Potentially dilutive common shares related to warrants and options outstanding totaling 5,922,651 at March 31, 2019 (2018 – 4,739,583) were not included in the computation of loss per share because their effect was anti-dilutive. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

#### Income Taxes

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

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

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

#### Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)**

#### Valuation of equity units issued in private placements

The Company has adopted a pro rata method with respect to the measurement of shares and warrants issued as private placement units. The pro rata method required each component to be valued at fair value and an allocation of the total proceeds received based on the pro rata relative values of the components.

The fair value of the common shares is based on the closing quoted bid price on the announcement date and the fair value of the common share purchase warrants is determined at the announcement date using the Black-Scholes pricing model. The fair value attributed to the warrants is recorded in equity reserves.

#### Flow-through Shares

The Company will, from time to time, issue flow-through shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of a flow-through share, it is bifurcated into equity (share) and liability (flow-through) components on the issue date. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

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 flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

#### Share-based Payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant using the Black-Scholes valuation model and recorded as compensation expense in profit or loss, with a corresponding increase to reserves. The fair value determined at the grant date of the equity-settled share based payments is expensed on a graded vesting basis over the vesting period based on the Company's estimate of stock options that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments, along with the amounts reflected in reserves, is credited to share capital. Shares are issued from treasury upon the exercise of the equity-settled share based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility was determined based on the historical trading prices of the Company.

### **3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)**

#### Share-based Payments – (cont'd)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Amounts reflected in reserves for stock options which expire unexercised remain in reserves.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. Amount recorded in reserves for share options which expire unexercised remain in reserves.

#### Accounting Standards and Amendments Issued But Not Yet Effective

The following new standards and interpretations are not yet effective and have not been applied in preparing these consolidated financial statements.

IFRS 16 *Leases* replaces IAS 17, *Leases* and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a services contract on the basis of whether the customer controls the assets being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that have also adopted IFRS 15.

The Company anticipates that there will be no material changes to the consolidated financial statements upon adoption.

### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

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

#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – (cont'd)**

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

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

##### **Exploration and Evaluation Asset and Impairment**

The application of the Company's accounting policy for exploration and evaluation assets and impairment of the capitalized expenditures 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. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

##### **Going Concern**

The assessment of the Company's ability to continue as a going concern require significant judgement. See Note 2(c).

##### **Title to Mineral Property Interests**

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

##### **Income Taxes**

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

## **5. PRIOR PERIOD REPORTING**

### Effect of Change in Accounting Policy

Effective March 31, 2019, as permitted under IFRS 6, *Exploration for and Evaluation of Mineral Resources*, the Company voluntarily changed its accounting policy for its exploration and evaluation (“E&E”) expenditures, to expense these costs in the Consolidated Statement of Loss in the period in which they were incurred whereas previously all of the E&E expenditures had been capitalized on the Consolidated Statement of Financial Position. The Company determined that reflecting its E&E expenditures as line items in the Statement of Loss and the Statement of Cash Flows better reflects the economic substance of its operating activities during the fiscal periods presented.

This change in accounting policy has been applied retrospectively. The Company’s accounting policies for the significant components of its exploration and evaluation expenditures are noted below.

### Exploration and evaluation rights to explore

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration, option payment under an earn-in arrangement and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development and development costs are capitalized to “mines under construction” on the consolidated statement of financial position. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

### Exploration and evaluation expenditures

Exploration and evaluation expenditures are charged to operations in the year incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment.

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**5. PRIOR PERIOD REPORTING (cont'd)**

The effect of the change in accounting policy in the consolidated financial statements for the year ended March 31, 2018 resulted in the following changes from the amounts previously reported in the Company's financial statements :

Statement of Financial Position as at April 1, 2017

	Note	As previously reported	Effect of change in accounting policy	As restated under new policy
		\$	\$	\$
<b>Non-Current Assets</b>				
Exploration and evaluation assets	(1)	219,867	(108,367)	111,500
<b>Total assets</b>		<b>228,734</b>	<b>(108,367)</b>	<b>120,367</b>
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>				
Deficit	(1)	(13,562,748)	(108,367)	(13,671,115)
<b>Total equity (deficit)</b>		<b>30,336</b>	<b>(108,367)</b>	<b>(78,031)</b>
<b>Total liabilities and equity (deficit)</b>		<b>228,734</b>	<b>(108,367)</b>	<b>120,367</b>

(1) All deferred exploration and evaluation expenditures have been charged to deficit as at March 31, 2017.

Statement of Financial Position as at March 31, 2018

	Note	As previously reported	Effect of change in accounting policy	As restated under new policy
		\$	\$	\$
<b>Non-Current Assets</b>				
Exploration and evaluation assets		-	-	-
<b>Total assets</b>		<b>876,996</b>	<b>-</b>	<b>876,996</b>
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>				
Deficit		(14,158,212)	-	(14,158,212)
<b>Total equity</b>		<b>660,347</b>	<b>-</b>	<b>660,347</b>
<b>Total liabilities and equity</b>		<b>876,996</b>	<b>-</b>	<b>876,996</b>

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**5. PRIOR PERIOD REPORTING (cont'd)**

The effect of the change in accounting policy in the consolidated statement of loss and the consolidated statement of cash flow for year ended March 31, 2018 are as follows:

Consolidated Statement of Loss for the year ended March 31, 2018

	Note	As previously reported	Effect of change in accounting policy	As restated under new policy
		\$	\$	\$
<b>Administrative expenses</b>				
General exploration costs		8,198	4,137	12,335
Write-off of exploration and evaluation assets		224,004	(112,504)	111,500
<b>Net loss and comprehensive loss for the year</b>		<b>(595,464)</b>	<b>108,367</b>	<b>(487,097)</b>

Consolidated Statement of Cash Flows for the year ended March 31, 2018

	Note	As previously reported	Effect of change in accounting policy	As restated under new policy
		\$	\$	\$
<b>Operating Activities</b>				
<b>Net loss for the year</b>		<b>(595,464)</b>	<b>108,367</b>	<b>(487,097)</b>
Write-off of exploration and evaluation assets		224,004	(112,504)	111,500
Accounts payable and accrued liabilities		50,978	(44,757)	6,221
<b>Cash used in operating activities</b>		<b>(253,873)</b>	<b>(48,894)</b>	<b>(302,767)</b>
<b>Investing Activities</b>				
Exploration and evaluation assets		(48,894)	48,894	-
<b>Cash used in investing activities</b>		<b>(48,894)</b>	<b>48,894</b>	<b>-</b>

**6. SUPPLEMENTAL CASH FLOW INFORMATION**

The Company incurred non-cash financing and investing activities for the years ended March 31, 2019 and 2018 as follows:

	March 31, 2019	March 31, 2018
Fair value of agent warrants issued	\$ 16,196	\$ 76,669
Shares issued for exploration and evaluation asset	\$ 1,900,000	\$ -

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**7. SEGMENTED INFORMATION**

The Company currently operates in one industry segment, being mineral exploration and in one geographic area, being Canada.

**8. EXPLORATION AND EVALUATION ASSETS**

The following table summarizes the Company's exploration and evaluation assets as at March 31, 2019 and 2018.

<b>For the year ended March 31, 2019</b>	Lac Manitou	Grindstone	Cluff Lake Uranium/Cobalt	JAM Beryllium	Total
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -
Cash - payment	-	20,630	-	-	20,630
Cash - Staking	-	3,200	16,165	3,700	23,065
Shares issued	-	1,800,000	-	-	1,800,000
Shares issued as finders fees	-	100,000	-	-	100,000
	-	1,923,830	16,165	3,700	1,943,695
Impairment	-	-	(16,165)	-	(16,165)
Balance, end of year	\$ -	\$ 1,923,830	\$ -	\$ 3,700	\$ 1,927,530

<b>For the year ended March 31, 2018</b>	Lac Manitou	Grindstone	Cluff Lake Uranium/Cobalt	JAM Beryllium	Total
Balance, beginning of year	\$ 111,500	\$ -	\$ -	\$ -	\$ 111,500
Write-offs	(111,500)	-	-	-	(111,500)
Balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

The following table summarizes the Company's exploration expenditures for the years ended March 31, 2019 and 2018.

<b>For the year ended March 31, 2019</b>	General	JAM Beryllium	Grindstone	Total
Exploration expenditures				
Property investigation and miscellaneous	\$ 44,589	\$ -	\$ -	\$ 44,589
Geological	-	70,798	483,516	554,314
	\$ 44,589	\$ 70,798	\$ 483,516	\$ 598,903

<b>For the year ended March 31, 2018</b>	General	JAM Beryllium	Grindstone	Total
Exploration expenditures				
Property investigation and miscellaneous	\$ 12,335	-	-	\$ 12,335
	\$ 12,335	\$ -	\$ -	\$ 12,335

**8. EXPLORATION AND EVALUATION ASSETS – (cont'd)**

**(a) Lac Manitou**

The Company acquired a 100% interest in the Lac Manitou property for \$3,000 cash and 125,000 (2,500,000 pre-consolidated) common shares. The claims are subject to a 2% NSR, of which 1% can be bought back at any time for \$750,000. The fair value of the shares issued was \$100,000. Additional staking was done at a cost of \$8,500.

On February 17, 2017, the Company entered into an earn-in agreement with Clean Commodities Corp. (“CLE”) in which CLE acquire and 50% interest in the Lac Manitou project in exchange for a one-time cash renewal payment for the claims under the agreement and funding a \$50,000 exploration program in calendar 2017. In July 2017, the Company agreed to increase CLE’s earn-in percentage on the project to 75% in exchange for CLE funding a \$150,000 exploration program.

The Company has no exploration plans for the property in the near future and has written off acquisition costs of \$111,500 in accordance with IFRS 6 in the year ended March 31, 2018.

**(b) Grindstone Claims, New Brunswick**

On August 20, 2018, the Company entered into a mineral property acquisition agreement with Roland J.B. Lovesey, Dick Mann, Norm Pitre and David Mann (the “Vendors”) in which the Company will acquire a 100% interest in five mineral claims located in New Brunswick, Canada (also known as “Grindstone claims”) in exchange for cash totalling \$15,870 (paid) plus renewal fees and claim transfer fees. The Company paid \$4,760 to transfer the claim and renewal fees. These claims are contiguous to the claims held by CIN Energy Materials Inc.

The Company will pay to the Vendors on commencement of Commercial Production relative to each Vendor’s individual Vendor’s interest, a Net Smelter return royalty of 2% (“NSR”). The Company shall have the right, at any time, to purchase one-half of the NSR from the Vendors in consideration of the aggregate payment of \$1,000,000 to be distributed to each Vendor based on the individual Vendor interest thereby leaving the Vendors with a one percent (1%) NSR Royalty.

During the year ended March 31, 2019, the Company staked additional claims in New Brunswick, Canada for \$3,200 which are contiguous to the Grindstone Claims.

On August 31, 2018, the Company entered into a share exchange agreement (the “Agreement”) to purchase 100% of the issued and outstanding common shares of CIN Energy Materials Inc., a private company, (“CIN”), which holds 100% interest in Grindstone Copper-nickel-cobalt project in an unexplored region of Northwestern New Brunswick, Canada. The acquisition has been accounted for as an asset acquisition. In consideration for the net assets acquired, the Company agreed to issued to the shareholders of CIN a total of 12,000,000 common shares of the Company valued at \$1,800,000 (\$0.15 per share) pursuant to the terms of the Agreement. The Company also issued 666,666 units as finders fees in connection with this transaction which was valued at the same price of the non-flow-through private placement of \$0.15 per unit totalling \$100,000 (note 10(b)). As a result of this transaction CIN became a wholly-owned subsidiary of the Company. This transaction was completed on December 21, 2018. The purchase price of \$1,900,000 was allocated to the value of exploration and evaluation assets.

**8. EXPLORATION AND EVALUATION ASSETS – (cont'd)**

**(c) Cluff Lake Uranium/Cobalt Project, Saskatchewan**

During the year ended March 31, 2019, the Company staked ten claims in Saskatchewan, Canada totalling \$16,165. As at March 31, 2019, the Company decided not to pursue with this project and have written-off the \$16,165 in staking cost to profit or loss.

**(d) JAM Beryllium Property, British Columbia**

During the year ended March 31, 2019, the Company purchased three claims in JAM Beryllium Property in Northern British Columbia, Canada for \$3,700.

**9. LOANS PAYABLE**

As at March 31, 2018, the Company had \$13,400 in loans payable which are non-interest bearing, unsecured and due on demand. Included in loans payable is \$400 due to the CEO of the Company. During the period ended December 31, 2018, the Company repaid \$13,090 of the loans payable leaving a balance of \$310 payable to the CEO of the Company as at March 31, 2019.

**10. SHARE CAPITAL**

**(a) Authorized**

Unlimited common shares with no par value.

**(b) Issued**

On October 26, 2017, the shareholders of the Company approved a common share consolidation on the basis of twenty pre-consolidation common shares for one post-consolidation common share of the Company. The consolidation was made effective on November 15, 2017. All references to the number of shares and per share amounts have been retroactively restated as if the consolidation had occurred April 1, 2017.

**For the year ended March 31, 2019**

On December 21, 2018, the Company issued 12,000,000 common shares pursuant to the terms of the August 31, 2018 share exchange agreement valued at \$1,800,000. The Company also issued 666,666 units at a fair value of \$0.15 per unit as finders fees in connection with this transaction. Each unit consists of one common share and one-half of one transferable non-flow-through common share purchase warrant, exercisable at a price of \$0.25 per share for a period of two years expiring on December 21, 2020.

**10. SHARE CAPITAL – (cont'd)**

**(b) Issued – (cont'd)**

**For the year ended March 31, 2019 – (cont'd)**

On December 21, 2018, the Company complete private placements for 1,150,000 flow-through units at a price of \$0.20 and 2,142,733 non-flow-through units at a price of \$0.15 per unit for total proceeds of \$551,410. Each flow-through unit consists of one flow-through share and one-half of one transferable non-flow-through common share purchase exercisable at a price of \$0.35 per share expiring on December 21, 2020. Each non-flow-through unit consists of one non-flow-through common share and one-half of one transferable non-flow-through common share purchase warrant, exercisable at a price of \$0.25 per share expiring on December 21, 2020. The fair value of the warrants was \$127,373 which was included in equity reserves. The fair value has been estimated as of the announcement date using the Black-Scholes Option Pricing Model with the following assumptions: share price on announcement date of \$0.15, risk-free interest rate of 1.91%, dividend yield of 0%, volatility of 146.47% and expected life of two years. In connection with the private placement the Company paid cash finders fees totalling \$32,992 and issued 127,952 agent's warrants. Each agent's warrant entitles the holder to purchase one common share of the Company at a price of \$0.25 per share for a period of two years expiring on December 21, 2020. The Company fair valued the agent's warrants at \$11,516. The fair value has been estimated using the Black-Scholes Option Pricing Model with the same assumptions as above.

On December 28, 2018, the Company completed the second tranche of the private placement for 725,000 flow-through units at a price of \$0.20 per unit for total proceeds of \$145,000. Each flow-through unit consists of one flow-through share and one-half of one transferable non-flow-through common share purchase exercisable at a price of \$0.35 per share for a period of two years expiring on December 28, 2020. The fair value of the warrants was \$32,237 which was included in equity reserves. The fair value has been estimated as of the announcement date using the Black-Scholes Option Pricing Model with the following assumptions: share price on announcement date of \$0.15, risk-free interest rate of 1.91%, dividend yield of 0%, volatility of 146.47% and expected life of two years. In connection with the private placement the Company issued 52,000 agent's warrants. Each agent's warrant entitles the holder to purchase one common share of the Company at a price of \$0.35 per share for a period of two years expiring on December 28, 2020. The Company fair valued the finder's fee warrants at \$4,680. The fair value has been estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price \$0.15, risk-free interest rate of 1.91%, dividend yield of 0%, volatility of 146.47% and expected life of two years.

The Company recognized a flow-through premium of \$93,750 on the flow-through private placements which is included in Flow-through premium liability and has a commitment to incur \$375,000 on exploration expenditures. As at March 31, 2019, the Company recognized \$16,000 in other income and has a Flow-through premium liability of \$77,750 and has a commitment to incur approximately \$311,000 on exploration expenditures.

**10. SHARE CAPITAL – (cont'd)**

**(b) Issued – (cont'd)**

**For the year ended March 31, 2018**

On July 11, 2017 the Company completed a private placement consisting of 67,500 (1,350,000 pre-consolidated) units at a price of \$0.40 (\$0.02 pre-consolidated) per unit. Each unit consists of one common share and one share purchase warrant exercisable into one common share at \$1.00 (\$0.05 pre-consolidated) until July 12, 2020. The fair value of the warrants was \$12,562 which was included in equity reserves. The fair value has been estimated as of the announcement date using the Black-Scholes Option Pricing Model with the following assumptions: share price on announcement date of \$0.40 (\$0.02 pre-consolidated), risk-free interest rate of 1.34%, dividend yield of 0%, volatility of 198.79% and expected life of three years. The Company recorded \$885 in share issue cost.

On December 29, 2017, the Company completed a flow-through private placement consisting of 2,455,000 common shares at a price of \$0.20 per share for total proceeds of \$491,000. The Company paid a cash finder's fee of \$19,600 and issued 98,000 finder's fee warrants. Each finder's fee warrant entitle the holder to purchase one common share of the Company at a price of \$0.25 per share for a period of two years expiring on December 29, 2019. The Company fair valued the finder's fee warrants at \$22,109. The fair value has been estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price \$0.28, risk-free interest rate of 1.66%, dividend yield of 0%, volatility of 177.81% and expected life of two years. There was no flow-through premium on this private placement.

On January 11, 2018, the Company closed a non-brokered private placement of 4,000,000 units at a price of \$0.16 per unit for total proceeds of \$640,000, of which \$24,000 remained outstanding at March 31, 2018 (received subsequent to the year-end). Each unit comprised of one common share and one-half of one transferable share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.25 per share for two years from closing. The fair value of the warrants was \$213,334 which was included in equity reserves. The fair value has been estimated as of the announcement date using the Black-Scholes Option Pricing Model with the following assumptions: share price on announcement date of \$0.21, risk-free interest rate of 1.84%, dividend yield of 0% volatility of 179.20% and expected life of two years. The Company paid a cash finder's fee of \$39,680 and issued 248,000 finder's fee warrants. Each finder's fee warrant entitles the holder to purchase one common share of the Company at a price of \$0.25 per share for a period of two years expiring on January 9, 2020. The Company fair valued the finder's fee warrants at \$54,560. The fair value has been estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price \$0.275, risk-free interest rate of 1.84%, dividend yield of 0%, volatility of 179.2% and expected life of two years.

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**10. SHARE CAPITAL – (cont’d)**

**(c) Stock options**

The Company has established a stock option plan for directors, employees and consultants which is administered by the board of directors with full and final authority with respect to the granting of all options. 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. The number of common shares issuable under the plan may not exceed 10% of the issued and outstanding common shares. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a yearly basis. Options may be exercisable for a maximum of ten years from the date of grant.

(i) The changes in stock options were as follows:

	<b>March 31, 2019</b>	<b>Weighted Average Exercise Price</b>	<b>March 31, 2018</b>	<b>Weighted Average Exercise Price</b>
Balance, beginning of year	922,000	\$0.38	210,000	\$1.00
Granted	-	-	712,000	0.20
Balance, end of year	922,000	\$0.38	922,000	\$0.38

There were stock options granted during the year ended March 31, 2019.

During the year ended March 31, 2018, the Company granted a total of 712,000 options to employees, consultants, directors and officers, using the fair value method for share-based payments, a total expense of \$156,640 was recorded in the statements of loss for the year ended March 31, 2018. The amount was determined using the Black Scholes Option Pricing Model assuming no dividends are to be paid, with a weighted average expected stock option life of 5 years, share price on grant date of \$0.23, a weighted average annual volatility of the Company's share price of 238.51%, 0% forfeiture rate and an average annual risk-free interest rate of 2.08%.

(ii) The following table summarizes information about stock options outstanding at March 31, 2019:

<b>Exercise price</b>	<b>Number outstanding</b>	<b>Number exercisable</b>	<b>Weighted average remaining contractual life (years)</b>
\$ 1.00	180,000	180,000	1.83
\$ 1.00	30,000	30,000	0.08
\$ 0.20	712,000	712,000	3.79
	922,000	922,000	3.28

On April 28, 2019, 30,000 stock option expired unexercised.

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**10. SHARE CAPITAL – (cont'd)**

**(d) Warrants**

(i) The changes in warrants were as follows:

	March 31, 2019	Weighted Average Exercise Price	March 31, 2018	Weighted Average Exercise Price
Balance, beginning of year	3,471,583	\$0.71	1,566,958	\$1.35
Issued	2,008,866	0.30	2,067,500	0.27
Expired	(1,339,083)	1.38	(162,875)	1.25
Balance, end of year	4,141,366	\$0.30	3,471,583	\$0.71

(ii) The following table summarizes information about warrants outstanding at March 31, 2019.

Number of warrants outstanding	Exercise price	Expiry date
65,000	\$1.00	March 6, 2020
67,500	\$1.00	July 12, 2020
2,000,000	\$0.25	January 9, 2020
1,071,366	\$0.25	December 21, 2020
575,000	\$0.35	December 21, 2020
362,500	\$0.35	December 28, 2020
4,141,366		

**(e) Agent's Warrants**

(i) The changes in Agent's warrants were as follows:

	March 31, 2019	Weighted Average Exercise Price	March 31, 2018	Weighted Average Exercise Price
Balance, beginning of year	346,000	\$0.25	-	\$-
Issued	513,285	0.26	346,000	0.25
Balance, end of year	859,285	\$0.26	346,000	\$0.25

(ii) The following table summarizes information about finder's warrants outstanding at March 31, 2019.

Number outstanding	Exercise price	Expiry date
98,000	\$0.25	December 28, 2019
248,000	\$0.25	January 9, 2020
461,285	\$0.25	December 21, 2020
52,000	\$0.35	December 28, 2020
859,285		

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**11. RELATED PARTY TRANSACTIONS AND BALANCES**

The following expenses were incurred with key management personnel of the Company and companies controlled by key management personnel. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain current and former directors and officers. Key management compensation comprises:

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Consulting fees	\$ 55,663	\$ 23,900
General exploration costs	3,500	-
Management fees	42,000	20,700
Professional fees	-	4,500
Share-based payments	-	156,640
	<b>\$ 101,163</b>	<b>\$ 205,740</b>

Included in prepaid expenses is \$864 (2018: \$1,695; 2017: \$nil) paid to a director of the Company for advances on expenses.

As at March 31, 2019 accounts payable and accrued liabilities included \$15,470 (2018 - \$18,983; 2017 - \$85,056) owing to a former officer, a director of the Company and a company with a director in common. The amounts due are non-interest bearing, unsecured and with no stated terms of repayment.

**12. CAPITAL DISCLOSURES**

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of resource properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject, other than flow-through commitments (note 14). Capital of the Company comprises cash and shareholders' equity.

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

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the year.

### **13. FINANCIAL INSTRUMENTS AND RISKS**

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

- Liquidity risk
- Market risk
- Credit risk

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

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

#### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in the note.

The Company monitors its ability to meet its short-term administrative expenditures by matching investment income received to expenditures to be incurred, and by disposing of its investments when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

As at March 31, 2019, the Company had a cash balance of \$303,363 and GST receivable of \$74,536 to settle current liabilities of \$246,068.

#### **Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The Company is not exposed to significant interest rate risk as the Company has no interest-bearing debt. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### **13. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)**

#### **Interest rate risk**

The Company is not exposed to significant interest rate risk.

#### **Price risk**

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

#### **Credit Risk**

Financial instruments that potentially expose the Company to credit risk is cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

#### **Fair Values**

The Company's financial instruments include cash, accounts payable and accrued liabilities and loans payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. It is impractical to determine the fair value of these financial instruments with sufficient reliability due to the nature of these financial instruments, the absence of secondary market and the significant cost of obtaining external appraisals. The fair value of these financial instruments approximates their carrying value under the effective interest method.

#### **Fair Value Hierarchy**

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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**13. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)**

**Fair Value Hierarchy – (cont'd)**

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

At March 31, 2019	Level 1	Level 2	Level 3	Total
Cash	\$303,363	\$ -	\$ -	\$303,363

  

At March 31, 2018	Level 1	Level 2	Level 3	Total
Cash	\$781,788	\$ -	\$ -	\$781,788

**14. INCOME TAXES**

The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

	March 31, 2019	March 31, 2018
Loss before tax	\$ (1,083,662)	\$ (487,097)
Income tax recovery at local statutory rates – 27% (2018 – 26.25%)	\$ (292,600)	\$ (129,100)
Permanent differences	(2,200)	41,100
Change in tax rate	-	(111,200)
Change in unrecognized tax benefits not recognized	294,800	199,200
	\$ -	\$ -

The nature and tax effect of the taxable temporary differences giving rise to deferred tax assets are summarized as follows:

	March 31, 2019	March 31, 2018
Non-capital losses	\$ 1,395,000	\$ 1,257,000
Undeducted financing costs	17,000	13,000
Equipment	2,000	2,000
Resource properties	1,704,000	1,643,000
Unrecognized deferred tax assets	(3,118,000)	(2,915,000)
	\$ -	\$ -

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**14. INCOME TAXES (cont'd)**

As at March 31, 2019, the Company has Canadian exploration and development expenses of approximately \$6,337,000 (2018: \$6,086,000) and estimated non-capital losses of \$5,165,000 (2018: \$4,654,000) for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years, and if not utilized, expire as summarized below:

<b>Year of Expiry</b>	
2027	\$ 32,000
2028	137,000
2029	307,000
2030	472,000
2031	811,000
2032	1,022,000
2033	473,000
2034	410,000
2035	281,000
2036	251,000
2037	236,000
2038	222,000
2039	<u>511,000</u>
<b>Total</b>	\$ <u>5,165,000</u>

As of March 31, 2019, the Company has unrecognized deferred tax liability of \$513,000 (2018 - \$nil) due to temporary differences arising on the initial recognition of the acquisition of all of the issued and outstanding shares of CIN Energy Materials Inc.

The Company entered into flow-through share subscription agreements during the year ended March 31, 2019 whereby it was committed to incur within a 24 month period a total of \$375,000 of qualifying Canadian Exploration Expenses ("CEE") as described in the Income Tax Act of Canada, of which approximately \$63,300 was incurred by March 31, 2019.

The Company entered into flow-through shares subscription agreement during the year ended March 31, 2018, whereby it was committed to incur within a 24 month period a total of \$491,000 of qualifying CEE as described in the Income Tax Act of Canada of which all were incurred by December 31, 2018.