

PROGRESSIVE PLANET SOLUTIONS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2019

(Expressed in Canadian Dollars)

Registered Head Office
1240 – 789 West Pender Street
Vancouver, BC
V6C 1H2

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

PROGRESSIVE PLANET SOLUTIONS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
AS AT,

	October 31, 2019	April 30, 2019
ASSETS		
Current		
Cash	\$ 16,973	\$ 252,396
Commodity tax recoverable	16,239	30,382
Trade receivables (Note 3)	17,042	-
Marketable securities (Note 4)	141,288	144,150
Prepaid expenses (Note 11)	16,043	39,717
Exploration advances	-	3,359
	207,585	470,004
Property and equipment (Note 5)	298,750	110,201
Exploration and evaluation assets (Note 6)	2,123,806	2,350,590
	\$ 2,630,141	\$ 2,930,795
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 7 and 11)	\$ 155,680	\$ 86,055
Lease obligation - current (Note 8)	26,125	10,555
Loan payable - current (Note 9)	27,000	27,000
Unearned revenue	10,000	-
	218,805	123,610
Long-term lease obligation (Note 8)	107,784	32,153
Long-term loan payable (Note 9)	-	13,500
	326,589	169,263
Shareholders' equity		
Share capital (Note 10)	15,032,967	15,142,021
Share-based payment reserve (Note 10)	2,091,967	2,086,563
Deficit	(14,821,382)	(14,467,052)
	2,303,552	2,761,532
	\$ 2,630,141	\$ 2,930,795

Nature of operations and going concern (Note 1)
Subsequent event (Note 16)

On behalf of the Board:

“Edward Beggs”

Director

“Stephen Harpur”

Director

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

PROGRESSIVE PLANET SOLUTIONS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2019	2018	2019	2018
REVENUE				
Revenue - goods and services	\$ 40,510	-	\$ 72,061	-
Cost of sales - goods and services	(16,743)	-	(41,157)	-
Gross profit	23,767	-	30,904	-
EXPENSES				
Advertising and promotion	8,601	19,874	29,834	33,374
Consulting fees	2,665	13,905	3,665	124,108
Depreciation (Note 5)	17,045	2,304	23,522	4,608
Gain on sale of intellectual property (Note 12)	-	-	(97,500)	-
Interest expense (Note 8)	533	-	1,100	-
Management fees (Note 11)	9,000	37,500	18,000	75,000
Office and administration (Note 11)	25,381	38,146	52,078	86,303
Professional fees (Note 11)	78,451	51,090	132,709	87,077
Realized loss on marketable securities (Note 4)	39,923	-	39,923	-
Repair and maintenance	-	-	11,960	-
Research and development costs (Note 11)	31,771	24,068	53,641	24,068
Reversal of flow-through premium	-	-	-	(3,195)
Share-based compensation (Notes 10 and 11)	8,300	65,700	8,300	107,200
Transfer agent and filing fees	5,070	2,541	13,824	5,055
Travel and entertainment	5,246	12,354	18,684	30,846
Unrealized loss (gain) on marketable securities (Note 4)	(7,200)	-	16,000	-
Wages and salaries	21,163	28,767	59,494	51,221
	(245,949)	(296,249)	(385,234)	(625,665)
Other income	-	11,407	-	11,407
Loss and comprehensive loss of the period	\$ (222,182)	\$ (284,842)	\$ (354,330)	\$ (614,258)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding – basic and diluted	22,101,524	16,765,256	22,225,872	15,460,817

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

PROGRESSIVE PLANET SOLUTIONS INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Number of shares	Share capital	Share-based payment reserve	Deficit	Total equity
April 30, 2018	14,156,378	\$ 13,856,469	\$ 1,860,386	\$ (13,223,363)	\$ 2,493,492
Private placement	2,883,333	432,500	-	-	432,500
Share issue costs - cash	-	(2,271)	-	-	(2,271)
Shares issued for property payments	500,000	-	-	-	-
Shares cancelled related to property payments	(83,333)	-	-	-	-
Share-based compensation	-	-	107,200	-	107,200
Loss for the period	-	-	-	(614,258)	(614,258)
October 31, 2018	17,456,378	14,286,698	1,967,586	(13,837,621)	2,416,663
Private placement	4,833,333	725,000	-	-	725,000
Share issue costs - cash	-	(17,200)	-	-	(17,200)
Share issue costs - warrants	-	(9,100)	9,100	-	-
Shares issued for property payments	-	120,000	-	-	120,000
Shares cancelled related to property payments	-	(18,750)	-	-	(18,750)
Shares issued upon exercised warrants	233,333	42,000	-	-	42,000
Shares issued upon exercised options	50,000	13,373	(5,123)	-	8,250
Share-based compensation	-	-	115,000	-	115,000
Loss for the period	-	-	-	(629,431)	(629,431)
April 30, 2019	22,573,044	15,142,021	2,086,563	(14,467,052)	2,761,532
Shares cancelled related to property payments	(500,000)	(120,000)	-	-	(120,000)
Shares issued upon exercised options	30,000	7,646	(2,896)	-	4,750
Shares issued for property payments	36,667	3,300	-	-	3,300
Share-based compensation	-	-	8,300	-	8,300
Loss for the period	-	-	-	(354,330)	(354,330)
October 31, 2019	22,139,711	\$ 15,032,967	\$ 2,091,967	\$ (14,821,382)	\$ 2,303,552

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

PROGRESSIVE PLANET SOLUTIONS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Six month period ended October 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (354,330)	\$ (614,258)
Items not involving cash:		
Depreciation	23,522	4,608
Interest expense	1,100	-
Other income	-	(11,813)
Share-based compensation	8,300	107,200
Reversal of flow-through premium	-	(3,195)
Realized loss of marketable securities	39,923	-
Unrealized loss of marketable securities	16,000	-
Gain on sale of intellectual property	(97,500)	-
Change in non-cash operating working capital:		
Commodity tax recoverable	14,143	(5,217)
Accounts receivable	80,458	-
Prepaid expenses	27,033	(85,910)
Accounts payable and accrued liabilities	69,625	115,710
Unearned revenue	10,000	-
Net cash used in operating activities	(161,726)	(492,875)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets acquisition and expenditures	(25,304)	(61,989)
Exploration and evaluation advances	-	(134,000)
Payment on lease equipment	(38,370)	-
Proceeds from the sales of marketable securities	82,327	-
Purchase of property and equipment	(83,600)	-
Net cash used in investing activities	(64,947)	(195,989)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuances	-	432,500
Share issue costs	-	(2,271)
Loan repayment	(13,500)	-
Proceeds from exercise of options	4,750	-
Net cash provided by (used in) financing activities	(8,750)	430,229
Change in cash during the period	(235,423)	(258,635)
Cash, beginning of period	252,396	457,414
Cash, end of period	\$ 16,973	\$ 198,779
SUPPLEMENTAL INFORMATION		
Exploration advance applied to exploration and evaluation assets	\$ -	\$ 155,283
Exploration and evaluation assets included in accounts payable and accrued liabilities	\$ -	\$ 62,792
Marketable securities received for exploration and evaluation assets	\$ 135,388	\$ -
Fair values of stock option exercised	\$ 2,896	\$ -
Shares issued for exploration and evaluation assets	\$ 3,300	\$ -
Shares cancelled related to property payments	\$ 120,000	\$ -

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

PROGRESSIVE PLANET SOLUTIONS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2019

1. NATURE OF OPERATIONS AND GOING CONCERN

Progressive Planet Solutions Inc. (the “Company”) was incorporated under the laws of British Columbia, Canada on November 10, 2006. The Company is a junior exploration company primarily engaged in the acquisition and exploration of exploration and evaluation assets located in Canada.

On December 20, 2019, the Company consolidated its share capital on a three to one basis. These condensed interim consolidated financial statements reflect the share consolidation.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop, profitable operations. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company is in the business of exploring for minerals that by its nature involves a high degree of risk. There can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of the exploration and evaluation assets and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to obtain financing or, alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis. Additionally, the Company estimates that it will need additional capital to operate for the upcoming year. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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

The policies applied in the condensed consolidated interim financial statements are presented below and are based on IFRS’ issued and outstanding as of December 30, 2019, the date the Board of Directors approved the condensed interim consolidated financial statements. Any subsequent changes to IFRS that are given effect in our annual consolidated financial statements for the year ending April 30, 2020 could result in restatements of these condensed interim consolidated financial statements. None of these standards are expected to have a significant effect on the condensed interim consolidated financial statements.

PROGRESSIVE PLANET SOLUTIONS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

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FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary, 20090914 Nevada, Inc., which was incorporated under the laws of Nevada, USA.

The Company incorporated a subsidiary, Progressive Planet Alberta Inc., on May 7, 2018 in the Province of Alberta. The Company holds a 100% interest in Progressive Planet Alberta Inc. These condensed interim consolidated financial statements include the account of Progressive Planet Alberta Inc.

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. All inter-company balances have been eliminated upon consolidation.

Estimates and judgments

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment of the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the consolidated statement of financial position.
- ii) The inputs in the Black-Scholes Option Pricing Model to value stock options and broker warrants.

Critical judgements exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- i) Economic recoverability and probability of future benefits of exploration and evaluation costs.

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

- ii) Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. The Model requires the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity settled benefits.

PROGRESSIVE PLANET SOLUTIONS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year. 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.

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 years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Decommissioning and restoration provision

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

The Company's estimates of reclamation 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 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 or loss for the period.

Property and equipment

Building and equipment are recorded at cost and depreciated using the declining balance method at the following rates per annum.

Equipment	20% per annum
Building	10% per annum

Building and equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options and compensatory warrants are measured on the date of grant, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

PROGRESSIVE PLANET SOLUTIONS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share issue costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow-through features is credited as a liability and included in profit or loss at the same time the qualifying expenditures are made.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Revenue recognition

The Company recognizes revenue from the sale of products when persuasive evidence of a contractual arrangement exists, the products have been delivered to the customer, no significant vendor obligations remain outstanding, the price is fixed or determinable, and collectability is reasonably assured.

Revenue from the provision of services are recognized when the related service are rendered, if persuasive evidence of an arrangement exists, the fee is fixed or determinable, and collectability is reasonably assured

Revenue from the provision of long-term contracts are recognized on a percentage-of completion basis as the related services are rendered, if persuasive evidence of an arrangement exists, the fee is fixed or determinable, and collectability is reasonably assured.

The stage of completion is determined by an estimate of the services performed to date as a percentage of total services to be performed.

Amounts received from customers in advance of an arrangement satisfying all the revenue recognition criteria are recorded as deferred revenue.

Financial instruments

On May 1, 2018, the Company adopted all of the requirements of IFRS 9 – Financial Instruments. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9; therefore, the Company's accounting policy with respect to financial liabilities is unchanged.

PROGRESSIVE PLANET SOLUTIONS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Financial instruments (cont'd...)**

The Company completed an assessment of its financial assets and liabilities as at May 1, 2019. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial Assets and Liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	Fair value through profit and loss	Fair value through profit and loss
Marketable securities	Fair value through profit and loss	Fair value through profit and loss
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Loan payable	Other financial liabilities	Amortized cost

The adoption of IFRS 9 did not result in any material changes to the Company's consolidated financial statements.

(i) Financial assets

All financial assets are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial assets' classification, as described below:

Fair value through profit or loss ("FVTPL"): Financial instruments designated at FVTPL are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to net earnings. Financial instruments under this classification include cash and marketable securities.

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Financial instruments under this classification include accounts payable and accrued liabilities, and loans payable.

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable and accrued liabilities, and loan payable are classified as other financial liabilities. The Company does not currently have any FVTPL financial liabilities.

(iii) Impairment of financial assets

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets.

IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

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FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

Change in accounting standards

The following new accounting standards and interpretations have been adopted during the period:

IFRS 16 *Leases* specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*. The standard is applicable to annual periods beginning on or after January 1, 2019.

The application of this standard did not have a significant impact on the Company's existing accounting policies or financial statement presentation.

PROGRESSIVE PLANET SOLUTIONS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

FOR THE SIX MONTH PERIOD ENDED OCTOBER 31, 2019

3. TRADE RECEIVABLES

	October 31, 2019
Trade receivables	\$ 17,042

4. MARKETABLE SECURITIES

On January 29, 2019, the Company received 1,750,000 common shares of Berkwood Resources Ltd. (“Berkwood”) valued at \$131,250 and 875,000 warrants, exercisable at a price of \$0.15 into an additional common share of Berkwood. The fair value of the warrants at January 29, 2019 was \$29,900 using the Black-Scholes option pricing model (inputs below).

	January 29, 2019
Stock price	\$0.075
Exercise price	\$0.150
Risk free interest rate	1.84%
Expected life of options	2.00 years
Expected annualized volatility	117.33%
Expected dividend rate	0.00%

During the period ended October 31, 2019, the Company sold 1,750,000 common shares of Berkwood for gross proceeds of \$54,682, which resulted in the realized loss of \$41,568 (2018 - \$Nil).

As of October 31, 2019, the fair value of the 875,000 warrants of Berkwood was revalued to \$5,900 (April 30, 2019 - \$21,900) using the Black-Scholes option pricing model (inputs below), which resulted in an unrealized loss of \$16,000 (2018 - \$Nil).

	October 31, 2019
Stock price	\$0.030
Exercise price	\$0.150
Risk free interest rate	1.61%
Expected life of options	1.25 years
Expected annualized volatility	138.52%
Expected dividend rate	0.00%

	Common shares	Total
Berkwood Resources Ltd.		
Balance, April 30, 2018	-	\$ -
Additions	1,750,000	131,250
Unrealized loss from change in fair value	-	(35,000)
Balance, April 30, 2019	1,750,000	96,250
Sales of common shares	(1,750,000)	(96,250)
Balance, October 31, 2019	-	\$ -

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4. MARKETABLE SECURITIES (cont'd...)

	Warrants	Total
Berkwood Resources Ltd.		
Balance, April 30, 2018	-	\$ -
Additions	875,000	29,900
Unrealized loss from change in fair value	-	(8,000)
Balance, April 30, 2019	875,000	21,900
Unrealized loss from change in fair value	-	(16,000)
Balance, October 31, 2019	875,000	\$ 5,900

On April 24, 2019, the Company received 200,000 common shares of Group Ten Metals Inc. valued at \$26,000 pursuant to the sale of the Catalyst Property which was previously written off in fiscal 2014. Accordingly, the Company recognized a gain on property sales option agreement in the amount of \$26,000.

During the period ended October 31, 2019, the Company sold 200,000 common shares of Group Ten Metals Inc. for gross proceeds of \$27,645, which resulted in the realized gain of \$1,645 (2018 - \$Nil).

	Common shares	Total
Group Ten Metals Inc.		
Balance, April 30, 2018	-	\$ -
Additions	200,000	26,000
Balance, April 30, 2019	200,000	26,000
Sales of common shares	(200,000)	(26,000)
Balance, October 31, 2019	-	\$ -

During the period ended October 31, 2019, the Company received 10,500,000 common shares of a private corporation, Snow Lake Resources Ltd., valued at \$135,388 pursuant to the sale of the Thompson Bros Lithium Property. As of October 31, 2019, the management believes the acquisition cost is a reasonable estimate of fair value.

	Common shares	Total
Snow Lake Resources Ltd.		
Balance, April 30, 2019	-	\$ -
Additions	10,500,000	135,388
Balance, October 31, 2019	10,500,000	\$ 135,388

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5. PROPERTY AND EQUIPMENT

Property and equipment are carried at cost less accumulated depreciation. Details are as follows:

	Equipment	Vehicle	Building	Total
Cost				
Balance, April 30, 2018	\$ 49,509	\$ -	\$ -	\$ 49,509
Additions	70,099	-	8,085	78,184
Balance, April 30, 2019	119,608	-	8,085	127,693
Additions	83,600	128,471	-	212,071
Balance, October 31, 2019	\$ 203,208	\$ 128,471	\$ 8,085	\$ 339,764
Accumulated depreciation				
Balance, April 30, 2018	\$ 3,425	\$ -	\$ -	\$ 3,425
Additions	13,663	-	404	14,067
Balance, April 30, 2019	17,088	-	404	17,492
Additions	13,503	9,635	384	23,522
Balance, October 31, 2019	\$ 30,591	\$ 9,635	\$ 788	\$ 41,014
Carrying amounts				
Balance, April 30, 2019	\$ 102,520	\$ -	\$ 7,681	\$ 110,201
Balance, October 31, 2019	\$ 172,617	\$ 118,836	\$ 7,297	\$ 298,750

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6. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets interests involves certain inherent risks due to the difficulty of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation assets interests and, to the best of its knowledge, expects title to all of its interests to be in good standing.

Summary for the period ended October 31, 2019:

	Buckingham Property, Quebec	Thompson Bros. Lithium Property, Manitoba	Z1 Zeolite Property, BC	Z2 Zeolite Property, BC	Total
Opening balance					
Acquisition costs	\$ 115,486	\$ 447,500	\$ 585,400	\$ -	\$ 1,148,386
Exploration costs (recovery)	854,823	(192,112)	539,493	-	1,202,204
Balance, April 30, 2019	970,309	255,388	1,124,893	-	2,350,590
Acquisition cost additions					
Cash	-	-	-	6,000	6,000
Shares	-	-	-	3,300	3,300
Total acquisition cost additions	-	-	-	9,300	9,300
Geological consulting	-	-	2,964	1,875	4,839
Field work	-	-	15,040	574	15,614
Travel	-	-	4,143	-	4,143
Less: recovery	-	-	(5,292)*	-	(5,292)
Less: recovery (cancellation of shares)	-	(120,000)	-	-	(120,000)
Total exploration cost additions (recovery)	-	(120,000)	16,855	2,449	(100,696)
Marketable securities received for exploration and evaluation assets	-	(135,388)	-	-	(135,388)
Balance, October 31, 2019	\$ 970,309	\$ -	\$ 1,141,748	\$ 11,749	\$ 2,123,806

* recovery consists of sales of zeolite

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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Summary for the year ended April 30, 2019:

	Buckingham Property, Quebec	Thompson Bros. Lithium Property, Manitoba	Z1 Zeolite Property, BC	Lac Gueret South Graphite Property, Quebec	Total
Opening balance					
Acquisition costs	\$ 105,486	\$ 320,000	\$ 570,400	\$ -	\$ 995,886
Exploration costs (recovery)	846,662	(54,315)	264,478	-	1,056,825
Balance, April 30, 2018	952,148	265,685	834,878	-	2,052,711
Acquisition cost additions					
Cash	10,000	7,500	15,000	-	32,500
Shares	-	120,000	-	-	120,000
Total acquisition cost additions	10,000	127,500	15,000	-	152,500
Drilling	-	-	-	250,382	250,382
Field work	353	-	218,164	-	218,517
Geological consulting	7,808	-	72,518	6,000	86,326
Travel	-	-	2,643	-	2,643
Less: recovery	-	(119,047)	(18,310)*	(256,382)	(393,739)
Less: recovery (cancellation of shares)	-	(18,750)	-	-	(18,750)
Total exploration cost additions (recovery)	8,161	(137,797)	275,015	-	145,379
Balance, April 30, 2019	\$ 970,309	\$ 255,388	\$ 1,124,893	\$ -	\$ 2,350,590

* recovery consists of sales of zeolite

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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Buckingham Property, Quebec

On October 8, 2015, the Company entered into an option agreement to acquire a 60% interest in the Buckingham Graphite Property for the following consideration:

- i) Share issuances
 - a) 50,000 common shares on or before closing (issued with a value of \$22,500).
 - b) 50,000 common shares on or before October 8, 2016 (issued with a value of \$52,500).
- ii) Cash payment
 - a) \$25,000 on or before October 8, 2016 (paid).
- iii) Exploration expenditures
 - a) incur \$200,000 in exploration on or before October 8, 2016 (incurred).
 - b) incur cumulative exploration expenditures of \$400,000 on or before October 8, 2017 (incurred).

On September 7, 2016, the Company signed an agreement to increase its stake in the Buckingham Property from an option to acquire 60% now up to 80%. To earn the additional 20%, the Company has fulfilled the existing option terms to earn its 60% interest, will pay an additional \$5,000 cash (paid) to the optionor plus incur an additional \$200,000 (incurred) in expenditures.

Z-1 Zeolite Property, British Columbia

On January 23, 2017, the Company entered into a property option agreement, subsequently amended, for the Z-1 Zeolite Property for the following consideration:

- i) Cash payment of \$20,000 (paid);
- ii) 666,667 common shares (issued at a value of \$430,000);
- iii) 333,333 common shares (issued at a value of \$105,000); and
- iv) incur \$500,000 of exploration expenditures on or before January 23, 2019 (incurred).

The property is subject to a royalty in the amount of \$1.25 per tonne of zeolite sold from the property, and additionally a royalty fee of \$10/tonne on the first 10,000 tonnes sold or otherwise disposed of.

On February 8, 2017, the Company entered into a joint operating agreement for certain mineral interests located in the province of British Columbia. In consideration of its services as operator, the Company shall pay a monthly fee of \$5,500, until the later of the acquisition date or the end of any renewal term thereafter.

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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Z-2 Zeolite Property, British Columbia

On October 3, 2019, the Company entered into a property option agreement to acquire the Z-2 Zeolite Property for the following considerations:

- i) Share issuances
 - a) 33,334 common shares on or before October 22, 2019 (issued with a value of \$3,000).
 - b) 66,667 common shares on or before April 22, 2021.
 - c) 66,667 common shares on or before October 22, 2022.
- ii) Cash payment
 - a) \$1,000 as non-refundable deposit (paid).
 - b) \$5,000 upon the execution of the agreement (subsequently paid).
 - c) \$10,000 on or before April 22, 2021.
 - d) \$10,000 on or before October 22, 2022.
- iii) Exploration expenditures
 - a) incur \$200,000 in exploration on or before October 22, 2022.

In relation to the acquisition, the Company is also required to issue the following as finder's fees:

- i) Share issuances
 - a) 3,333 common shares on or before October 22, 2019 (issued with a value of \$300).
 - b) 6,667 common shares on or before April 22, 2021.
 - c) 6,667 common shares on or before October 22, 2022.

The property is subject to a royalty of \$8.00 per tonne of mineral products produced from the property, and subject to a 50% buyback right in consideration of \$75,000

Thompson Bros. Lithium Property, Manitoba

On April 21, 2016, the Company entered into a property option agreement for the Thompson Bros. Lithium Property. In return for a 100% interest in the Property, the Company must make the following payments to Strider Resources Ltd. ("the Optionor"):

- i) Cash payment of \$25,000 (paid) and issue to the optionor 16,667 common shares of the Company (issued at a value of \$25,000).
- ii) Cash payment of \$50,000 (paid) and 166,667 common shares of the Company (issued at a value of \$117,500) on or before April 21, 2017.
- iii) Cash payment of \$100,000 (paid) and 166,667 common shares of the Company (issued at a value of \$37,500) on or before April 21, 2018.
- iv) Cash payment of \$100,000 and 166,667 common shares of the Company (issued at a value of \$40,000, of which was subsequently cancelled) on or before April 21, 2019 (below).
- v) Cash payment of \$100,000 and 166,667 common shares of the Company (issued at a value of \$40,000, of which was subsequently cancelled) on or before April 21, 2020 (below).
- vi) Cash payment of \$125,000 and 166,667 common shares of the Company (issued at a value of \$40,000, of which was subsequently cancelled) on or before April 21, 2021 (below).

The Company must also incur \$1,500,000 of expenditures relating to the property on or before the 60-month anniversary of the effective date.

The property is subject to a 2% net smelter return ("NSR") royalty, of which 1% may be repurchased by the Company, by making a cash payment of \$1,000,000.

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6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Thompson Bros. Lithium Property, Manitoba (cont'd...)

On April 25, 2016, the Company entered into an agreement with Manitoba Minerals Pty Ltd (“MMPL”), a company incorporated under the laws of the Commonwealth of Australia whereby MMPL has the right to back-in to an 80% ownership of the Thompson Bros. Lithium Property by satisfying the following terms:

- i) Funding all of the Company’s cash obligations relating to the April 21, 2016 option agreement up to \$500,000;
- ii) Fund the work program expenditures required in the April 21, 2016 option agreement for a minimum of \$1,500,000 over 60 months; and
- iii) MMPL will acquire 100,000 common shares of the Company for \$150,000 (issued and received) and use such shares to meet the share obligation relating to the April 21, 2016 option agreement.

Subsequent to earning the 80%, but prior to completion of a Pre-Feasibility Study, MMPL had the right to acquire a further 15% interest holding in the Thompson Bros. Lithium Property from the Company for \$1,000,000. On April 12, 2017, the Company amended the option agreement to eliminate this option to acquire the additional interest.

During August 2018, the Company cancelled 83,333 shares (valued at \$18,750) pursuant to the terms of an amending agreement with MMPL in relation to the Thompson Bros. Lithium Property. The Company had issued the shares to the Optionor in April 2018 (at a price of \$0.075) in accordance with the terms of the original property option agreement, and cancelled them during the current year, as MMPL delivered the shares to the Optionor pursuant to their earn-in agreement on the property.

On November 14, 2018, the Company entered into an agreement with Snow Lake Resources Limited (“Snow Lake”) to acquire the Company’s remaining 20% interest in the Thompson Bros. Lithium Property. Total consideration to be paid by Snow Lake for the purchased interest will be a cash payment of \$325,000 and 12,000,000 common shares of Snow Lake upon completion of its Initial Public Offering. Pursuant to the terms of the earn-in agreement, Snow Lake will direct 1,500,000 of the 12,000,000 common shares forming part of the purchase price to the Optionor. The purchase price will be payable to the Company on the closing of the transaction.

To ensure the property remained in good standing, the Company issued 500,000 shares (valued at \$120,000) to the Optionor pursuant to the terms of the original agreement. However, the Optionor refused acceptance of the shares, as the obligations were no longer required by the Company. Accordingly, the share certificate was returned and cancelled during the period ended October 31, 2019 (Note 10).

Lac Gueret South Graphite Property, Quebec

On October 23, 2018, the Company entered into an option agreement with Berkwood to earn a 5% interest in the Lac Gueret South Graphite property by incurring or funding \$250,000 in exploration expenditures before December 31, 2018 (incurred).

At the option of either party, during a period of six months, the Company or Berkwood had the right to have Berkwood buy the 5% interest back from the Company by issuing 1,750,000 units of Berkwood. Each unit would entitle the Company to receive one common share and one half warrant of Berkwood, exercisable at a price the greater of \$0.15 or the 10 day trading average of Berkwood’s shares for a period of 2 years, commencing at the time of notice of the buy-back.

During the year ended April 30, 2019, Berkwood exercised the option to purchase their 5% interest back from the Company. The Company received 1,750,000 common shares of Berkwood (valued at \$131,250) and 875,000 warrants (valued at \$29,900), exercisable at a price of \$0.15 into additional common shares of Berkwood for a period of 2 years, resulting in a loss on property sales option agreement of \$95,232.

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities consist of:

	October 31, 2019	April 30, 2019
Trade payables	\$ 137,680	\$ 42,157
Accrued liabilities	18,000	43,898
	<u>\$ 155,680</u>	<u>\$ 86,055</u>

During the year ended April 30, 2019, the Company wrote off outstanding accounts payable in the amount of \$13,715.

8. LEASE OBLIGATION

On January 31, 2019, the Company entered into a 4 year lease for the use of a kubota skid steer for its zeolite operation and capitalized the equipment valued at \$51,289. Pursuant to the terms of the agreement, the Company made a down payment of \$6,030 and is required to make monthly lease payments of \$1,051 over the next 48 months.

On September 20, 2019, the Company entered into a 5 year lease for the use of a transport truck for its zeolite operation and capitalized the equipment valued at \$128,471. Pursuant to the terms of the agreement, the Company made a down payment of \$32,034 and is required to make monthly lease payments of \$1,448 over the next 59 months. At the end of the lease term, the Company has the option to purchase the leased asset at the price of \$32,064 or renew the lease for an additional 24-month period with the same terms and conditions.

The financial statement effects concerning lease liabilities are as follows:

	October 31, 2019	April 30, 2019
Maturity Analysis - contractual undiscounted cash flows		
Less than one year	\$ 32,889	\$ 12,612
More than one year	125,617	34,683
Total undiscounted lease liabilities	<u>158,506</u>	<u>47,295</u>
Lease liabilities included in the statement of financial position		
Current	\$ 26,125	\$ 10,555
Non-current	107,784	32,153
Balance	<u>\$ 133,909</u>	<u>\$ 42,708</u>
Amounts recognized in profit and loss		
Interest on lease liabilities	\$ 1,100	\$ 602
Total cash outflow for leases	<u>\$ 38,370</u>	<u>\$ 9,183</u>

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9. LOAN PAYABLE

On September 28, 2018, the Company financed the purchase of equipment with a non-interest bearing loan payable of \$54,000 that matures over a period of 24 months. During the year ended April 30, 2019, the Company paid \$13,500 to reduce the loan payable. During the period ended October 31, 2019, the Company paid \$13,500 to reduce the loan payable.

	October 31, 2019	April 30, 2019
Opening balance	\$ 40,500	\$ 54,000
Less: loan payments	(13,500)	(13,500)
	27,000	40,500
Less: loan payable - current portion	(27,000)	(27,000)
Loan payable - non-current portion	\$ -	\$ 13,500

10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

Authorized: unlimited common shares without par value

During the period ended October 31, 2019, the Company:

- i) cancelled 500,000 shares pursuant to the option agreement with Snow Lake in relation to the Thompson Bros. Lithium Property (Note 6).
- ii) issued 30,000 common shares upon exercise of options for gross proceeds of \$4,750, and accordingly, the Company relocated \$2,896 of its share-based payment reserve to share capital.
- iii) issued 36,667 shares valued at \$3,300 pursuant to the acquisition of Z2-Zeolite Property (Note 6).

During the year ended April 30, 2019, the Company:

- i) completed a non-brokered private placement of 2,883,334 units at a price of \$0.15 per unit for gross proceeds of \$432,500. There was no value attributed to the warrant component of the unit offering. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one common share at a price of \$0.30 per share until August 10, 2020. The Company paid other issuance costs of \$2,271 cash.
- ii) cancelled 83,333 shares valued at \$18,750 in August 2018 pursuant to the terms of an amending agreement with MMPL in relation to the Thompson Bros. Lithium Property (Note 6).
- iii) issued 500,000 shares valued at \$120,000 in October 2018 pursuant to the terms of the original option agreement in relation to the Thompson Bros. Lithium Property (Note 6).
- iv) completed a non-brokered private placement of 1,833,334 units at a price of \$0.15 per unit for gross proceeds of \$275,000. There was no value attributed to the warrant component of the unit offering. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one common share at a price of \$0.18 per share until December 7, 2019.
- v) issued 50,000 common shares upon exercise of options for gross proceeds of \$8,250, and accordingly, the Company relocated \$5,123 of its share-based payment reserve to share capital.

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10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)

- vi) issued 233,333 common shares upon exercise of warrants for gross proceeds of \$42,000.
- vii) completed a non-brokered private placement of 3,000,000 units at a price of \$0.15 per unit for gross proceeds of \$450,000. There was no value attributed to the warrant component of the unit offering. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one share at a price of \$0.165 per warrant until April 26, 2020. The Company paid issuance costs of \$17,200 cash, and 114,667 finder's warrants (valued at \$9,100). Each finder's warrant will entitle the holder to purchase one share at a price of \$0.15 per warrant until April 26, 2020.

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of five years. Vesting is determined by the Board of Directors.

During the period ended October 31, 2019, the Company:

- i) granted 116,667 stock options to consultants of the Company, exercisable at a price of \$0.15 per share, expiring on August 12, 2021. The estimated fair value of the options is \$8,300 or \$0.07 per option.

During the year ended April 30, 2019, the Company:

- i) granted 150,000 stock options to consultants of the Company, exercisable at a price of \$0.225 per share, expiring on May 1, 2020. The estimated fair value of the options is \$26,600 or \$0.18 per option.
- ii) granted 33,333 stock options to a consultant of the Company, exercisable at a price of \$0.21 per share, which expired on August 14, 2018. The estimated fair value of the options is \$1,100 or \$0.03 per option.
- iii) granted 33,333 stock options to a consultant of the Company, exercisable at a price of \$0.36 per share, which expired on November 14, 2018. The estimated fair value of the options is \$1,600 or \$0.05 per option.
- iv) granted 33,333 stock options to a consultant of the Company, exercisable at a price of \$0.225 per share, which expired on November 15, 2018. The estimated fair value of the options is \$2,800 or \$0.08 per option.
- v) granted 50,000 stock options to an officer of the Company, exercisable at a price of \$0.225 per share, expiring on June 1, 2020. The estimated fair value of the options is \$9,400 or \$0.19 per option.
- vi) granted 83,333 stock options to a director of the Company, exercisable at a price of \$0.165 per share, expiring on August 2, 2020. The estimated fair value of the options is \$10,800 or \$0.13 per option.
- vii) granted 425,000 stock options to officers, directors and consultants of the Company, exercisable at a price of \$0.165 per share, expiring on August 14, 2020. The estimated fair value of the options is \$54,900 or \$0.13 per option.
- viii) granted 100,000 stock options to a consultant of the Company, exercisable at a price of \$0.15 per share, expiring on November 20, 2020. The estimated fair value of the options is \$10,500 or \$0.11 per option.

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10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)

Stock options (cont'd...)

- ix) granted 325,000 stock options to officers, directors and consultants of the Company, exercisable at a price of \$0.165 per share, expiring on November 26, 2020. The estimated fair value of the options is \$33,300 or \$0.10 per option.
- x) granted 58,333 stock options to a consultant of the Company, exercisable at a price of \$0.15 per share, expiring on December 28, 2020. The estimated fair value of the options is \$5,100 or \$0.09 per option.
- xi) granted 58,333 stock options to a consultant of the Company, exercisable at a price of \$0.15 per share, expiring on January 14, 2021. The estimated fair value of the options is \$6,400 or \$0.11 per option.
- xii) granted 66,667 stock options to a consultant of the Company, exercisable at a price of \$0.15 per share, expiring on February 7, 2021. The estimated fair value of the options is \$5,200 or \$0.08 per option.
- xiii) granted 110,000 stock options to consultants of the Company, exercisable at a price of \$0.15 per share, expiring on March 5, 2021. The estimated fair value of the options is \$7,000 or \$0.06 per option.
- xiv) granted 533,333 stock options to officers, directors and consultants of the Company, exercisable at a price of \$0.15 per share, expiring on April 29, 2021. The estimated fair value of the options is \$47,500 or \$0.09 per option.
- xv) granted 50,000 stock options to an employee of the Company, exercisable at a price of \$0.24 per share, expiring on March 28, 2020. The estimated fair value of the options is \$9,800 or \$0.20 per option.

A summary of the Company's stock option activity is as follows:

	Options	Weighted Average Exercise Price
Balance, April 30, 2018	1,012,667	\$ 0.42
Granted	2,060,000	0.18
Exercised	(50,000)	0.18
Expired	<u>(852,667)</u>	0.39
Balance, April 30, 2019	2,170,000	0.20
Granted	116,667	0.15
Exercised	(30,000)	0.16
Expired/Cancelled	<u>(110,000)</u>	0.18
Balance, October 31, 2019	2,146,667	\$ 0.20
Exercisable, October 31, 2019	2,146,667	\$ 0.20

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10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)Stock options (cont'd...)

As at October 31, 2019, the Company had the following stock options outstanding:

Options Outstanding	Exercise Price	Expiry Date
66,667	\$0.30	22-Dec-19*
191,667	0.42	8-Jan-20
133,334	0.30	22-Feb-20
150,000	0.225	1-May-20
50,000	0.225	1-Jun-20
83,333	0.165	2-Aug-20
258,333	0.165	14-Aug-20
100,000	0.15	20-Nov-20
250,000	0.165	26-Nov-20
58,333	0.15	28-Dec-20
58,333	0.15	14-Jan-21
110,000	0.15	5-Mar-21
520,000	0.15	29-Apr-21
116,667	0.15	12-Aug-21
<u>2,146,667</u>		

* subsequently expired

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended October 31:

	2019	2018
Risk-free interest rate	1.39%	2.02%
Expected life of options	2.00 years	1.81 years
Expected annualized volatility	134.38	166.31%
Expected dividend rate	0.00%	0.00%

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10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)

Warrants

A summary of the Company's warrant activity is as follows:

	Warrants	Weighted Average Exercise Price
Balance, April 30, 2018	7,686,961	\$ 0.54
Granted	7,831,333	0.21
Exercised	(233,333)	0.18
Expired	<u>(4,331,698)</u>	0.57
Balance, April 30, 2019	10,953,263	0.32
Expired	<u>(21,930)</u>	0.75
Balance, October 31, 2019	10,931,333	\$ 0.32

As at October 31, 2019, the Company had the following warrants outstanding:

Warrants Outstanding	Exercise Price	Expiry Date
1,600,000	\$0.18	07-Dec-19*
3,333,333	0.54	26-Jan-20
3,000,000	0.165	26-Apr-20
114,667	0.165	26-Apr-20
<u>2,883,333</u>	0.30	10-Aug-20
<u>10,931,333</u>		

* subsequently expired

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11. RELATED PARTY TRANSACTIONS

The Company defines key management as officers and directors. For the period ended October 31, 2019, the Company had the following transactions with key management, being related parties:

- i) Paid or accrued administration costs, recorded as office expense, of \$Nil (2018 - \$20,000) to a company owned by the Company's former CEO, \$20,000 of which was paid as severance.
- ii) Paid or accrued management fees of \$18,000 (2018 - \$75,000) to a corporation owned by the Company's CEO for his services as President and CEO.
- iii) Paid or accrued fees of \$42,000 (2018 - \$Nil) to a corporation owned by the Company's CEO for services relating to research and development.
- iv) Paid or accrued professional fees of \$36,000 (2018 - \$16,000) a partnership in which the Company's Chief Financial Officer has an interest .
- v) Granted a total of 50,000 stock options (2018 - 400,000) to an officer of the Company, of which the fair market value was estimated at \$3,557 (2018 - \$54,612) and was included in share-based compensation expense.

As at October 31, 2019, \$Nil (April 30, 2019 - \$2,754) is included in prepaid expenses relating to advances paid to the Company's CEO.

As at October 31, 2019, \$25,160 (April 30, 2019 - \$Nil) is included in accounts payable and accrued liabilities owed to directors, and an accounting firm where an officer of the Company is a partner.

12. SALE OF INTELLECTUAL PROPERTY

During the period ended October 31, 2019, the Company completed the sale and its interest in early stage intellectual property relating to sulfur lithium battery research resulting in a gain of \$97,500.

In addition, the Company received a 2% royalty on any resulting sales made by commercializing this intellectual property.

13. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The capital for the Company was mainly from the issuance of common shares and short-term demand loans. There was no change in the Company's capital management strategy during the current period. The Company is not exposed to any externally imposed capital restrictions.

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14. FINANCIAL INSTRUMENTS AND RISKS**Fair values**

The Company's financial instruments consist of cash, marketable securities, accounts payable and accrued liabilities. Cash and marketable securities are carried at fair value. The fair values of accounts payable and accrued liabilities approximate their carrying amounts due to their current nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- 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 or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>As at October 31, 2019</i>				
Cash	\$ 16,973	\$ 16,973	\$ -	\$ -
Marketable securities	141,288	-	5,900	135,388
<i>As at April 30, 2019</i>				
Cash	\$ 252,396	\$ 252,396	\$ -	\$ -
Marketable securities	144,150	122,250	21,900	-

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist primarily of commodity taxes receivable due from a federal government agency.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operating activities and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

PROGRESSIVE PLANET SOLUTIONS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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14. FINANCIAL INSTRUMENTS AND RISKS (cont'd...)*Market risk*

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

Interest rate risk

The Company has cash balances and interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks.

Foreign currency risk

The Company is exposed to nominal foreign currency 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 (loss) 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. Fluctuations may be significant.

15. SEGMENTED INFORMATION

The Company's primary business activity is the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	October 31, 2019	April 30, 2019
Exploration and evaluation assets		
Canada	\$ 2,123,806	\$ 2,350,590
Property and equipment		
Canada	\$ 298,750	\$ 110,201

16. SUBSEQUENT EVENT

Subsequent to October 31, 2019, the Company closed the first tranche of a private placement of 2,705,000 flow-through units at \$0.07 per flow-through unit for gross proceeds of \$189,350. Each unit is comprised of one flow-through common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one share at a price of \$0.075 per warrant until June 23, 2020.