

PROGRESSIVE PLANET SOLUTIONS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR YEARS ENDED APRIL 30, 2019 AND 2018

(Expressed in Canadian Dollars)

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Progressive Planet Solutions Inc.

Opinion

We have audited the accompanying consolidated financial statements of Progressive Planet Solutions Inc. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2019 and 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$1,243,689 during the year ended April 30, 2019 and, as of that date, the Company's total deficit was \$14,467,052. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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



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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

August 7, 2019

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
AS AT APRIL 30,

	2019	2018
ASSETS		
Current		
Cash	\$ 252,396	\$ 457,414
Commodity tax recoverable	30,382	12,468
Marketable securities (Note 3)	144,150	-
Prepaid expenses	39,717	13,219
Exploration advances	3,359	34,900
	<u>470,004</u>	<u>518,001</u>
Property and equipment (Note 4)	110,201	46,084
Exploration and evaluation assets (Note 5)	<u>2,350,590</u>	<u>2,052,711</u>
	<u>\$ 2,930,795</u>	<u>\$ 2,616,796</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 10)	\$ 86,055	\$ 82,857
Lease obligation - current (Note 7)	10,555	-
Loan payable - current (Note 8)	<u>27,000</u>	<u>-</u>
	123,610	82,857
Long-term lease obligation (Note 7)	32,153	-
Long-term loan payable (Note 8)	13,500	-
Flow-through premium liability (Note 9)	<u>-</u>	<u>40,447</u>
	<u>169,263</u>	<u>123,304</u>
Shareholders' equity		
Share capital (Note 9)	15,142,021	13,856,469
Share-based payment reserve (Note 9)	2,086,563	1,860,386
Deficit	<u>(14,467,052)</u>	<u>(13,223,363)</u>
	<u>2,761,532</u>	<u>2,493,492</u>
	<u>\$ 2,930,795</u>	<u>\$ 2,616,796</u>

Nature of operations and going concern (Note 1)

Subsequent event (Note 15)

On behalf of the Board:

"Edward Beggs"

Director

"Stephen Harpur"

Director

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

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30,

	2019	2018
EXPENSES		
Advertising and promotion	\$ 84,999	\$ 3,025
Consulting fees	38,694	210,980
Depreciation (Note 4)	14,067	2,220
Foreign exchange loss	272	784
Interest expense (Note 7)	602	-
Loss on property option agreements (Notes 3 and 5)	69,232	-
Management fees (Note 10)	56,000	95,500
Office and administration (Note 10)	156,412	102,176
Professional fees (Note 10)	181,984	114,025
Research and development costs (Note 10)	250,752	-
Reversal of flow-through premium (Note 9)	(40,447)	(1,000)
Share-based compensation (Notes 9 and 10)	222,200	309,300
Transfer agent and filing fees	33,725	37,316
Travel and entertainment	59,055	45,321
Unrealized loss on marketable securities (Note 3)	43,000	-
Wages and salaries	86,857	7,485
Write-off of accounts payable (Note 6)	(13,715)	(16,395)
Write-off of exploration and evaluation assets (Note 5)	-	237,895
Loss and comprehensive loss of the year	\$ (1,243,689)	\$ (1,148,632)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	51,759,411	33,347,798

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

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Number of shares	Share capital	Share-based payment reserve	Deficit	Total equity
April 30, 2017	28,079,059	\$ 12,406,204	\$ 1,624,246	\$ (12,074,731)	\$ 1,955,719
Private placement	11,315,789	1,150,000	-	-	1,150,000
Share issue costs - cash	-	(70,324)	-	-	(70,324)
Share issue costs - shares	65,789	10,526	-	-	10,526
Share issue costs - warrants	-	(30,800)	30,800	-	-
Shares issued upon exercised warrants	1,008,500	197,460	(66,610)	-	130,850
Shares issued upon exercised options	500,000	92,350	(37,350)	-	55,000
Share-based compensation	-	-	309,300	-	309,300
Flow-through share premium	-	(41,447)	-	-	(41,447)
Shares issued for property payments	1,500,000	142,500	-	-	142,500
Loss for the year	-	-	-	(1,148,632)	(1,148,632)
April 30, 2018	42,469,137	13,856,469	1,860,386	(13,223,363)	2,493,492
Private placement	23,150,000	1,157,500	-	-	1,157,500
Share issue costs - cash	-	(19,471)	-	-	(19,471)
Share issue costs - warrants	-	(9,100)	9,100	-	-
Shares issued for property payments	1,500,000	120,000	-	-	120,000
Shares cancelled related to property payments	(250,000)	(18,750)	-	-	(18,750)
Shares issued upon exercised warrants	700,000	42,000	-	-	42,000
Shares issued upon exercised options	150,000	13,373	(5,123)	-	8,250
Share-based compensation	-	-	222,200	-	222,200
Loss for the year	-	-	-	(1,243,689)	(1,243,689)
April 30, 2019	67,719,137	\$ 15,142,021	\$ 2,086,563	\$ (14,467,052)	\$ 2,761,532

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

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (1,243,689)	\$ (1,148,632)
Items not involving cash:		
Depreciation	14,067	2,220
Interest expense	602	-
Share-based compensation	222,200	309,300
Loss on property option agreements	69,232	-
Reversal of flow-through premium	(40,447)	(1,000)
Unrealized loss of marketable securities	43,000	-
Write-off of accounts payable	(13,715)	(16,395)
Write-off of exploration and evaluation assets	-	237,895
Change in non-cash operating working capital:		
Commodity tax recoverable	(17,914)	22,571
Prepaid expenses	(26,498)	32,504
Accounts payable and accrued liabilities	55,003	(129,175)
Net cash used in operating activities	(938,159)	(690,712)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets acquisition and expenditures	(376,185)	(389,724)
Purchase of property and equipment	(56,270)	-
Net cash used in investing activities	(432,455)	(389,724)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuances	1,157,500	1,140,100
Share issue costs	(19,471)	(59,798)
Proceeds from warrants exercised	42,000	55,000
Proceeds from options exercised	8,250	130,850
Lease payments	(9,183)	-
Loan repayment	(13,500)	-
Net cash provided by financing activities	1,165,596	1,266,152
Change in cash during the year	(205,018)	185,716
Cash, beginning of year	457,414	271,698
Cash, end of year	\$ 252,396	\$ 457,414
SUPPLEMENTAL INFORMATION		
Exploration advance applied to exploration and evaluation assets	\$ 31,542	\$ -
Exploration and evaluation assets included in accounts payable and accrued liabilities	\$ -	\$ 8,716
Exploration and evaluation assets purchased on loan	\$ 54,000	\$ -
Equipment included in accounts payable and accrued liabilities	\$ 8,085	\$ 37,460
Shares issued for exploration and evaluation assets	\$ 120,000	\$ 142,500
Shares cancelled related to property payments	\$ 18,750	\$ -
Shares issued for settlement of accounts payable	\$ -	\$ 9,900
Shares and warrants received for property option agreements	\$ 187,150	\$ -
Finders' warrants	\$ -	\$ 30,800
Fair value of options exercised	\$ 5,123	\$ 37,350
Fair value of warrants exercised	\$ 9,100	\$ 66,610
Flow-through share premium liability	\$ -	\$ 41,447

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

PROGRESSIVE PLANET SOLUTIONS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30, 2019 AND 2018

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 June 7, 2018, the Company changed its name to Progressive Planet Solutions Inc.

These 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.

As at April 30, 2019 the Company has working capital of \$346,394 (2019 - \$435,144), recorded a net loss of \$1,243,689 (2018 - \$1,148,632) for the year, and had accumulated losses since inception of \$14,467,052 (2018 - \$13,223,363). 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 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 consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries. 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 consolidated financial statements are presented below and are based on IFRS issued and outstanding as of August 7, 2019, the date the Board of Directors approved the consolidated financial statements.

PROGRESSIVE PLANET SOLUTIONS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30, 2019 AND 2018

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

Basis of consolidation

These 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 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:

- i) 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.

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.

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.

PROGRESSIVE PLANET SOLUTIONS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30, 2019 AND 2018

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

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.

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.

The Company completed an assessment of its financial assets and liabilities as at May 1, 2018. 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.

PROGRESSIVE PLANET SOLUTIONS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30, 2019 AND 2018

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

Financial instruments (cont'd...)

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.

PROGRESSIVE PLANET SOLUTIONS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30, 2019 AND 2018

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.

Future accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and the eventual application of these standards is not expected to have a significant impact on the Company's existing accounting policies or financial statement presentation.

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.

Adoption of this standard is not expected to have a material impact on the Company's financial statement presentation.

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3. 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 (Note 4). 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 year
Expected annualized volatility	117.33%
Expected dividend rate	0.00%

As of April 30, 2019, the market value of the 1,750,000 common shares of Berkwood was \$96,250, and the fair value of the 875,000 warrants of Berkwood was revalued to \$21,900 using the Black-Scholes option pricing model (inputs below), which resulted in an unrealized loss of \$43,000.

	April 30, 2019
Stock price	\$0.055
Exercise price	\$0.150
Risk free interest rate	1.60%
Expected life of options	1.75 year
Expected annualized volatility	138.52%
Expected dividend rate	0.00%

	Common shares	Total
Berkwood Resources Ltd.		
Balance, April 30, 2017 and 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

	Warrants	Total
Berkwood Resources Ltd.		
Balance, April 30, 2017 and 2018	-	\$ -
Additions	875,000	29,900
Unrealized loss from change in fair value	-	(8,000)
Balance, April 30, 2019	875,000	\$ 21,900

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. As of April 30, 2019, the market value of the 200,000 Group Ten common shares remained unchanged.

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

	Common shares	Total
Group Ten Metals Inc.		
Balance, April 30, 2017 and 2018	-	\$ -
Additions	200,000	26,000
Balance, April 30, 2019	200,000	\$ 26,000

4. PROPERTY AND EQUIPMENT

Equipment is carried at cost less accumulated depreciation. Details are as follows:

	Equipment	Building	Total
Cost			
Balance, April 30, 2017	\$ 12,049	\$ -	\$ 12,049
Additions	37,460	-	37,460
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
Accumulated depreciation			
Balance, April 30, 2017	\$ 1,205	\$ -	\$ 1,205
Additions	2,220	-	2,220
Balance, April 30, 2018	3,425	-	3,425
Additions	13,663	404	14,067
Balance, April 30, 2019	\$ 17,088	\$ 404	\$ 17,492
Carrying amounts			
Balance, April 30, 2018	\$ 46,084	\$ -	\$ 46,084
Balance, April 30, 2019	\$ 102,520	\$ 7,681	\$ 110,201

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

Summary for the year ended April 30, 2018:

	Buckingham Property, Quebec	Thompson Bros. Lithium Property, Manitoba	Z1 Zeolite Property, BC	Zeolite and Juniper Creek Chabazite Zeolite Properties, BC	Hackett Claims, BC	Whabouchi South Property, Quebec	Total
Opening balance							
Acquisition costs	\$ 105,000	\$ 182,500	\$ 458,400	\$ 186,044	\$ -	\$ -	\$ 931,944
Exploration costs	840,399	27,884	22,750	25,000	-	-	916,033
Balance, April 30, 2017	945,399	210,384	481,150	211,044	-	-	1,847,977
Acquisition cost additions							
Cash	486	100,000	7,000	8,506	-	2,115	118,107
Shares	-	37,500	105,000	-	-	-	142,500
Total acquisition cost additions	486	137,500	112,000	8,506	-	2,115	260,607
Assay	5,190	13,970	-	-	-	-	19,160
Field work	-	-	238,126	6,994	-	-	245,120
Geological consulting	1,073	-	-	3,762	4,800	-	9,635
Travel	-	-	4,643	674	-	-	5,317
Less: recovery	-	(96,169)	(1,041)	-	-	-	(97,210)
Total exploration cost additions (recovery)	6,263	(82,199)	241,728	11,430	4,800	-	182,022
Write-off of exploration and evaluation assets	-	-	-	(230,980)	(4,800)	(2,115)	(237,895)
Balance, April 30, 2018	\$ 952,148	\$ 265,685	\$ 834,878	\$ -	\$ -	\$ -	\$ 2,052,711

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5. 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) 150,000 common shares on or before closing (issued with a value of \$22,500).
 - b) 150,000 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.

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 50,000 common shares of the Company (issued at a value of \$25,000).
- ii) Cash payment of \$50,000 (paid) and 500,000 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 500,000 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 500,000 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 500,000 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 500,000 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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5. 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 300,000 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 250,000 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 1,500,000 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 subsequent to the year ended April 30, 2019 (Note 15).

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) 2,000,000 common shares (issued at a value of \$430,000);
- iii) 1,000,000 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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5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

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.

Zeolite and Juniper Creek Chabazite Zeolite Properties, British Columbia

On March 2, 2017, the Company entered into a property option agreement for the Zeolite and the Juniper Creek Chabazite Zeolite Properties for the following consideration:

- i) A cash payment of \$10,000 (paid);
- ii) 1,000,000 common shares (issued at a value of \$175,000); and
- iii) incur \$250,000 in exploration expenditures within the first 12 months.

During the year ended April 30, 2018, the Company decided to abandon the properties, and accordingly wrote off exploration and evaluation assets of \$230,980.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	April 30, 2019	April 30, 2018
Trade payables	\$ 42,157	\$ 52,799
Accrued liabilities	43,898	30,058
	<u>\$ 86,055</u>	<u>\$ 82,857</u>

During the year ended April 30, 2019, the Company wrote off outstanding accounts payable in the amount of \$13,715 (2018 - \$16,395).

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7. 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.

The financial statement effects concerning lease liabilities are as follows:

	April 30, 2019
Maturity Analysis - contractual undiscounted cash flows	
Less than one year	\$ 12,612
One to two years	34,683
Total undiscounted lease liabilities at April 30, 2019	47,295
Lease liabilities included in the statement of financial position	
Current	\$ 10,555
Non-current	32,153
Balance, April 30, 2019	\$ 42,708
Amounts recognized in profit and loss	
Interest on lease liabilities	\$ 602
Total cash outflow for leases	\$ 9,183

8. 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.

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

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9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

Authorized: unlimited common shares without par value

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

- i) completed a non-brokered private placement of 8,650,000 units at a price of \$0.05 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 \$0.10 per share until August 10, 2020. The Company paid other issuance costs of \$2,271 cash.
- ii) cancelled 250,000 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 5).
- iii) issued 1,500,000 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 5 and 15).
- iv) completed a non-brokered private placement of 5,500,000 units at a price of \$0.05 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 \$0.06 per share until December 7, 2019.
- iv) issued 150,000 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.
- iv) issued 700,000 common shares upon exercise of warrants for gross proceeds of \$42,000.
- iv) completed a non-brokered private placement of 9,000,000 units at a price of \$0.05 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 \$0.055 per warrant until April 26, 2020. The Company paid issuance costs of \$17,200 cash, and 344,000 finder's warrants (valued at \$9,100). Each finder's warrant will entitle the holder to purchase one share at a price of \$0.05 per warrant until April 26, 2020.

During the year ended April 30, 2018, the Company:

- i) completed a non-brokered private placement of 1,315,789 flow-through units at a price of \$0.19 per unit for gross proceeds of \$250,000. There was no value attributed to the warrant component of the unit offering. Each flow-through unit is comprised of one flow-through common share and one half of one non-flow through share purchase warrant of the Company. Each warrant will entitle the holder to purchase one non-flow-through share at a price of \$0.25 per share until June 9, 2018. The Company paid issuance costs of \$20,000, issued 65,789 finder's shares (valued at \$10,526) and 65,789 finder's warrants (valued at \$9,400). Each finder's warrant will entitle the holder to purchase one share at a price of \$0.25 until June 9, 2019. A value of \$41,447 was attributed to the flow-through premium liability in connection with the financing. The Company expended certain of the flow-through proceeds and accordingly, recorded \$40,447 (2018 - \$1,000) as reversal of flow-through premium during the year ended April 30, 2019.
- ii) issued 500,000 common shares upon exercise of options for gross proceeds of \$55,000 and, accordingly, the Company relocated \$37,350 of its share-based payment reserve to share capital.
- iii) issued 1,008,500 common shares upon exercise of warrants for gross proceeds of \$130,850 and, accordingly, the Company relocated \$66,610 of its share-based payment reserve to share capital.

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

- iv) completed a non-brokered private placement of 10,000,000 units at a price of \$0.09 per unit for gross proceeds of \$900,000, of which \$9,900 was issued to settle accounts payable for services provided. 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 \$0.18 per share until January 26, 2020. The Company paid issuance costs of \$39,798, and 442,200 finder's warrants (valued at \$21,400). Each finder's warrant will entitle the holder to purchase one share at a price of \$0.09 until January 26, 2019.
- v) issued 1,000,000 common shares at a value of \$105,000, pursuant to the acquisition of Z-1 Zeolite property (Note 5).
- vi) issued 500,000 common shares at a value of \$37,500, pursuant to the option agreement for the Thompson Bros. Lithium Property (Note 5).

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 year ended April 30, 2019, the Company:

- i) granted 450,000 stock options to consultants of the Company, exercisable at a price of \$0.075 per share, expiring on May 1, 2020. The estimated fair value of the options is \$26,600 or \$0.06 per option.
- ii) granted 100,000 stock options to a consultant of the Company, exercisable at a price of \$0.07 per share, which expired on August 14, 2018. The estimated fair value of the options is \$1,100 or \$0.01 per option.
- iii) granted 100,000 stock options to a consultant of the Company, exercisable at a price of \$0.12 per share, which expired on November 14, 2018. The estimated fair value of the options is \$1,600 or \$0.02 per option.
- iv) granted 100,000 stock options to a consultant of the Company, exercisable at a price of \$0.075 per share, which expired on November 15, 2018. The estimated fair value of the options is \$2,800 or \$0.03 per option.

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

Stock options (cont'd...)

- v) granted 150,000 stock options to an officer of the Company, exercisable at a price of \$0.075 per share, expiring on June 1, 2020. The estimated fair value of the options is \$9,400 or \$0.06 per option.
- vi) granted 250,000 stock options to a director of the Company, exercisable at a price of \$0.055 per share, expiring on August 2, 2020. The estimated fair value of the options is \$10,800 or \$0.04 per option.
- vii) granted 1,275,000 stock options to officers, directors and consultants of the Company, exercisable at a price of \$0.055 per share, expiring on August 14, 2020. The estimated fair value of the options is \$54,900 or \$0.04 per option.
- viii) granted 300,000 stock options to a consultant of the Company, exercisable at a price of \$0.05 per share, expiring on November 20, 2020. The estimated fair value of the options is \$10,500 or \$0.03 per option.
- ix) granted 975,000 stock options to officers, directors and consultants of the Company, exercisable at a price of \$0.055 per share, expiring on November 26, 2020. The estimated fair value of the options is \$33,300 or \$0.03 per option.
- x) granted 175,000 stock options to a consultant of the Company, exercisable at a price of \$0.05 per share, expiring on December 28, 2020. The estimated fair value of the options is \$5,100 or \$0.03 per option.
- xi) granted 175,000 stock options to a consultant of the Company, exercisable at a price of \$0.05 per share, expiring on January 14, 2021. The estimated fair value of the options is \$6,400 or \$0.04 per option.
- xii) granted 200,000 stock options to a consultant of the Company, exercisable at a price of \$0.05 per share, expiring on February 7, 2021. The estimated fair value of the options is \$5,200 or \$0.03 per option.
- xiii) granted 330,000 stock options to consultants of the Company, exercisable at a price of \$0.05 per share, expiring on March 5, 2021. The estimated fair value of the options is \$7,000 or \$0.02 per option.
- xiv) granted 1,600,000 stock options to officers, directors and consultants of the Company, exercisable at a price of \$0.05 per share, expiring on April 29, 2021. The estimated fair value of the options is \$47,500 or \$0.03 per option.

During the year ended April 30, 2018, the Company:

- i) granted 400,000 stock options to consultants of the Company, exercisable at a price of \$0.10 per share, expiring on June 20, 2018. The estimated fair value of the options is \$24,600 or \$0.06 per option.
- ii) granted 400,000 stock options to directors and consultants of the Company, exercisable at a price of \$0.15 per share, expiring on July 10, 2019. The estimated fair value of the options is \$51,000 or \$0.13 per option.
- iii) granted 200,000 stock options to a consultant of the Company, exercisable at a price of \$0.10 per share, expiring on December 22, 2019. The estimated fair value of the options is \$12,500 or \$0.06 per option.
- iv) granted 1,250,000 stock options to directors and consultants of the Company, exercisable at a price of \$0.14 per share, expiring on January 8, 2020. The estimated fair value of the options is \$150,200 or \$0.12 per option.
- v) granted 730,000 stock options to directors and consultants of the Company, exercisable at a price of \$0.10 per share, expiring on February 22, 2020. The estimated fair value of the options is \$61,200 or \$0.08 per option.

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

Stock options (cont'd...)

- vi) granted 150,000 stock options to an employee of the Company, exercisable at a price of \$0.08 per share, expiring on March 28, 2020. The estimated fair value of the options is \$9,800 or \$0.07 per option.

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

	Options	Weighted Average Exercise Price
Balance, April 30, 2017	2,355,500	\$ 0.23
Granted	3,130,000	0.12
Exercised	(500,000)	0.11
Expired	<u>(1,947,500)</u>	0.23
Balance, April 30, 2018	3,038,000	0.14
Granted	6,180,000	0.06
Exercised	(150,000)	0.06
Expired/Cancelled	<u>(2,558,000)</u>	0.13
Balance, April 30, 2019	<u>6,510,000</u>	<u>\$ 0.07</u>
Exercisable, April 30, 2019	<u>6,510,000</u>	<u>\$ 0.07</u>

As at April 30, 2019, the Company had the following stock options outstanding:

Options Outstanding	Exercise Price	Expiry Date
200,000	\$0.10	22-Dec-19
575,000	0.14	8-Jan-20
480,000	0.10	22-Feb-20
450,000	0.075	1-May-20
150,000	0.075	1-Jun-20
250,000	0.055	2-Aug-20
800,000	0.055	14-Aug-20
300,000	0.05	20-Nov-20
825,000	0.055	26-Nov-20
175,000	0.05	28-Dec-20
175,000	0.05	14-Jan-21
200,000	0.05	7-Feb-21
330,000	0.05	5-Mar-21
<u>1,600,000</u>	0.05	29-Apr-21
<u>6,510,000</u>		

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

Stock options (cont'd...)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended April 30:

	2019	2018
Risk-free interest rate	1.91%	1.57%
Expected life of options	1.93 years	1.87 years
Expected annualized volatility	157.42%	207.70%
Expected dividend rate	0.00%	0.00%

Warrants

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

	Warrants	Weighted Average Exercise Price
Balance, April 30, 2017	15,183,750	\$ 0.26
Granted	11,165,884	0.18
Exercised	(1,008,500)	0.13
Expired	<u>(2,280,250)</u>	0.68
Balance, April 30, 2018	23,060,884	0.18
Granted	23,494,000	0.07
Exercised	(700,000)	0.06
Expired	<u>(12,995,095)</u>	0.19
Balance, April 30, 2019	32,859,789	\$ 0.11

As at April 30, 2019, the Company had the following warrants outstanding:

Warrants Outstanding	Exercise Price	Expiry Date
65,789	\$0.25	09-Jun-19*
4,800,000	0.06	07-Dec-19
10,000,000	0.18	26-Jan-20
8,650,000	0.10	10-Aug-20
9,000,000	0.055	26-Apr-20
<u>344,000</u>	0.05	26-Apr-20
32,859,789		

* expired subsequently

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

Warrants (cont'd...)

During the year ended April 30, 2019, the Company granted 344,000 (2018 – 507,989) finder’s warrants. The estimated fair market value of the warrants is \$9,100 or \$0.03 per warrant (2018 - \$30,800 or \$0.06 per warrant).

The following weighted average assumptions were used for the Black-Scholes valuation of agents’ warrants granted during the year ended April 30:

	2019	2018
Risk-free interest rate	1.59%	1.64%
Expected life of warrants	1.00 year	1.13 year
Expected annualized volatility	142.60%	125.18%
Expected dividend rate	0.00%	0.00%

10. RELATED PARTY TRANSACTIONS

The Company defines key management as officers and directors. For the year ended April 30, 2019, the Company had the following transactions with key management, being related parties:

- i) Paid or accrued management fees of \$Nil (2018 - \$73,000) to a company owned by the Company’s former Chief Executive Officer (“CEO”) for fees to directors and a former officer. As at April 30, 2019, \$6,300 (2018 - \$Nil) was owed to the company.
- ii) Paid or accrued administration costs, recorded as office expense, of \$80,000 (2018 - \$69,750) to a company owned by the Company’s former CEO, \$20,000 of which was paid as severance.
- iii) Paid or accrued management fees of \$56,000 (2018 - \$22,500) to a corporation owned by the Company’s CEO for his services as President and CEO.
- iv) Paid or accrued fees of \$84,000 (2018 - \$Nil) to a corporation owned by the Company’s CEO for services relating to research and development.
- v) Paid or accrued consulting fees of \$Nil (2018 - \$20,000) to a corporation owned by the Company’s CEO for his services as President and CEO.
- vi) Paid or accrued \$Nil (2018 - \$42,000) to a former director of the Company for consulting fees.
- vii) Paid or accrued consulting fees of \$5,541 (2018 - \$Nil) to the Company’s Chief Operating Officer (“COO”).
- viii) Paid or accrued wages and salaries of \$37,420 (2018 - Nil) to the Company’s COO.
- ix) Paid or accrued professional fees of \$44,000 (2018 - \$Nil) to a company owned by the Company’s Chief Financial Officer for his accounting services.
- x) Granted a total of 2,790,000 stock options (2018 – 2,275,000) to officers and directors of the Company, of which the fair market value was estimated at \$104,941 (2018 - \$237,873) and was included in share-based compensation expense.

As at April 30, 2019, \$2,754 is included in prepaid expenses relating to advances paid to the Company’s CEO. As at April 30, 2018, \$3,524 was included in prepaid expenses relating to an office security deposit paid to the Company’s former CEO.

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11. 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.

12. 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 April 30, 2019</i>				
Cash	\$ 252,396	\$ 252,396	\$ -	\$ -
Marketable securities	144,150	122,250	21,900	-
<i>As at April 30, 2018</i>				
Cash	457,414	457,414	-	-

12. FINANCIAL INSTRUMENTS AND RISKS (cont'd...)

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.

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.

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13. SEGMENTED INFORMATION

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

	April 30, 2019	April 30, 2018
Exploration and evaluation assets		
Canada	\$ 2,350,590	\$ 2,052,711
Property and equipment		
Canada	\$ 110,201	\$ 46,084

14. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2019	2018
Loss for the year	\$ (1,243,689)	\$ (1,148,632)
Expected income tax (recovery)	\$ (336,000)	\$ (302,000)
Change in statutory rates and other	(41,000)	(105,000)
Permanent difference	56,000	84,000
Share issue cost	(19,000)	(18,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	-	(54,000)
Change in unrecognized deductible temporary differences	340,000	395,000
	\$ -	\$ -

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2019	2018
Deferred Tax Assets (Liabilities)		
Exploration and evaluation assets	\$ 1,408,000	\$ 1,421,000
Property and equipment	5,000	1,000
Share issue costs	35,000	45,000
Allowable capital losses	9,000	9,000
Non-capital losses available for future periods	1,829,000	1,476,000
	3,292,000	2,952,000
Unrecognized deferred tax assets	(3,292,000)	(2,952,000)
Net deferred tax assets	\$ -	\$ -

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

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2019	Expiry Date Range	2018	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ 5,215,000	No expiry date	\$ 5,265,000	No expiry date
Property and equipment	18,000	No expiry date	4,000	No expiry date
Share issue costs	128,000	2040 to 2043	167,000	2039 to 2042
Allowable capital losses	32,000	No expiry date	32,000	No expiry date
Non-capital losses available for future periods	6,773,000	2027 to 2039	5,466,000	2027 to 2038

15. SUBSEQUENT EVENT

Subsequent to April 30, 2019, the Company cancelled 1,500,000 shares pursuant to the option agreement with Snow Lake in relation to the Thompson Bros. Lithium Property (Note 5).