

PROGRESSIVE PLANET SOLUTIONS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2020

(Expressed in Canadian Dollars)

Registered Head Office
510 – 580 Hornby Street
Vancouver, BC
V6C 3B6

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, 2020	April 30, 2020
ASSETS		
Current		
Cash	\$ 69,473	\$ 101,261
Receivables (Note 3)	50,301	39,347
Marketable securities (Note 4)	135,488	137,988
Prepaid expenses	30,029	42,331
	<u>285,291</u>	<u>320,927</u>
Property and equipment (Note 5)	530,643	313,911
Exploration and evaluation assets (Note 6)	<u>1,311,969</u>	<u>1,181,863</u>
	<u>\$ 2,127,903</u>	<u>\$ 1,816,701</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 7 and 11)	\$ 157,161	\$ 174,151
Flow-through premium liability (Note 10)	16,826	-
Lease obligation - current (Note 8)	26,544	25,757
Loan payable - current (Note 9)	167,233	67,246
Unearned revenue	-	10,000
	<u>367,764</u>	<u>277,154</u>
Long-term lease obligation (Note 8)	83,494	96,395
Long-term loan payable (Note 9)	<u>528,573</u>	<u>-</u>
	<u>979,831</u>	<u>373,549</u>
Shareholders' equity		
Share capital (Note 10)	15,883,337	15,322,817
Subscriptions received in advance	2,500	164,520
Share-based payment reserve (Note 10)	2,171,667	2,141,067
Deficit	<u>(16,909,432)</u>	<u>(16,185,252)</u>
	<u>1,148,072</u>	<u>1,443,152</u>
	<u>\$ 2,127,903</u>	<u>\$ 1,816,701</u>

Nature of operations and going concern (Note 1)
Subsequent events (Note 17)

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 October 31,		Six-month period ended October 31,	
	2020	2019	2020	2019
EXPENSES AND OTHER ITEMS				
Advertising and promotion	\$ 12,000	\$ 8,601	\$ 28,914	\$ 29,834
Consulting fees	5,685	2,665	43,354	3,665
Depreciation (Note 5)	24,755	17,045	47,993	23,522
Gain on sale of intellectual property (Note 12)	-	-	-	(97,500)
Interest expense (recovery) (Note 8 and 9)	(13,149)	533	(11,662)	1,100
Management and director fees (Note 11)	9,000	9,000	24,000	18,000
Office and administration (Note 11)	37,000	25,381	65,257	52,078
Other income (Note 13)	(37,879)	(40,510)	(76,609)	(72,061)
Professional fees (Note 11)	46,458	78,451	79,467	132,709
Realized loss on marketable securities	-	39,923	-	39,923
Repairs and maintenance	2,067	-	8,737	11,960
Research and development costs (Note 11)	31,000	31,771	52,000	53,641
Reversal of flow-through premium (Note 10)	(1,924)	-	(1,924)	-
Share-based compensation (Notes 10 and 11)	-	8,300	345,900	8,300
Transfer agent and filing fees	10,541	5,070	16,649	13,824
Travel and entertainment	1,474	5,246	2,440	18,684
Unrealized loss on marketable securities (Note 4)	2,500	(7,200)	2,500	16,000
Wages and salaries	54,983	37,906	97,164	100,651
Loss and comprehensive loss for the period	\$ (184,511)	\$ (222,182)	\$ (724,180)	\$ (354,330)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	35,904,037	22,101,524	34,328,939	22,225,872

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	Subscriptions received in advance	Share-based payment reserve	Deficit	Total equity
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
Private placement	4,715,000	289,850	-	20,100	-	309,950
Shares issued for property payments	-	-	-	-	-	-
Shares issued upon exercised options	-	-	-	-	-	-
Subscription received in advance	-	-	164,520	-	-	164,520
Share-based compensation	-	-	-	29,000	-	29,000
Loss for the period	-	-	-	-	(1,363,870)	(1,363,870)
April 30, 2020	26,854,711	15,322,817	164,520	2,141,067	(16,185,252)	1,443,152
Private placements	11,184,000	477,170	(164,520)	4,500	-	317,150
Shares issued upon exercised warrants	1,667,000	83,350	-	-	-	83,350
Subscription received in advance	-	-	2,500	-	-	2,500
Share-based compensation	-	-	-	26,100	-	26,100
Loss for the period	-	-	-	-	(724,180)	(724,180)
October 31, 2020	39,705,711	\$ 15,883,337	\$ 2,500	\$ 2,171,667	\$ (16,909,432)	\$ 1,148,072

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

PROGRESSIVE PLANET SOLUTIONS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
FOR THE SIX MONTHS ENDED OCTOBER 31,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (724,180)	\$ (354,330)
Items not involving cash:		
Depreciation	47,993	23,522
Interest expense (reversal)	(15,820)	1,100
Share-based compensation	345,900	8,300
Reversal of flow-through premium	16,826	-
Realized loss of marketable securities	-	39,923
Unrealized loss of marketable securities	2,500	16,000
Gain on sale of intellectual property	-	(97,500)
Change in non-cash operating working capital:		
Commodity tax recoverable	(3,465)	14,143
Accounts receivable	(17,489)	80,458
Prepaid expenses	12,302	27,033
Accounts payable and accrued liabilities	(16,990)	69,625
Unearned interest	-	10,000
Net cash used in operating activities	(352,423)	(161,726)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets acquisition and expenditures	(130,106)	(25,304)
Payment on lease equipment	(14,996)	(38,370)
Proceeds from the sales of marketable securities	-	82,327
Purchase of property and equipment	(264,725)	(83,600)
Net cash used in investing activities	(409,827)	(64,947)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuances, net	317,150	-
Loans proceed	355,000	-
Loans repayment	(27,538)	(13,500)
Proceeds from exercise of options	-	4,750
Proceeds from exercise of warrants	83,350	-
Subscription received in advance	2,500	-
Net cash provided by (used in) financing activities	730,462	(8,750)
Change in cash during the period	(31,788)	(235,423)
Cash, beginning of period	101,261	252,396
Cash, end of period	\$ 69,473	\$ 16,973

SUPPLEMENTAL INFORMATION

Marketable securities received for exploration and evaluation assets	\$ -	\$ 135,388
Subscriptions in advance allocated to share capital	\$ 164,520	\$ -
Fair value of stock option exercised	\$ -	\$ 2,896
Fair value of finder's warrants	\$ 4,500	\$ -
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 MONTHS ENDED OCTOBER 31, 2020

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. All share and per share amounts have been retroactively restated to 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 condensed interim 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.

For the six months ended October 31, 2020, the Company has recorded a net loss of \$724,180 (2019 - \$354,330) and has an accumulated deficit of \$16,909,432 (April 30, 2020 - \$16,185,252).

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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

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”) and interpretation of the International Financial Reporting Committee (“IFRIC”).

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 29, 2020, 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, 2021 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

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FOR THE SIX MONTHS ENDED OCTOBER 31, 2020

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 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 and transactions 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.

- iii) Private company investments

An analysis of fair value is prepared for private company investments. The analysis uses public stock prices for comparable entities, observable index comparisons, transaction prices for same or similar instruments and information from brokers and other analysis. The key assumptions driving the valuation of the Company's private company investments include, but are not limited to, the value at which a recent financing was completed by the investee, significant changes in general market conditions and company specific information. For those investments valued based on general market condition and company specific information, these inputs can be highly judgmental.

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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 subsidiaries 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.

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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
Vehicles	30% per annum

During the period October 31, 2020, the Company acquired a Comminution Plant, which is recorded at cost and depreciated using the straight-line balance method over 10 years based on management's judgement and estimation.

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

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FOR THE SIX MONTHS ENDED OCTOBER 31, 2020

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 period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed by assuming that outstanding options, warrants and similar instruments were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. 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 services 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.

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FOR THE SIX MONTHS ENDED OCTOBER 31, 2020

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

Financial instruments

(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

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.

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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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:

The IASB issued IFRS 16, Leases (“IFRS 16”), which eliminates the classification of leases as either operating or finance leases for a lessee. IFRS 16 was effective from January 1, 2019. Under IFRS 16, all leases will be recorded on the statement of financial position. The only exemptions to this will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases on the statement of financial position under IFRS 16 will increase “right-of-use” assets and lease liabilities on an entity’s financial statements. IFRS 16 will also change the nature of expenses relating to leases, as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for right-of-use assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about right-of-use assets and expenses and cash flows related to leases, (b) a maturity analysis of lease liabilities and (c) any additional company-specific information that is relevant to satisfying the disclosure objective.

On adoption of IFRS 16, the Company had no lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases.

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

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2020**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)****Change in accounting standards (cont'd...)**

Assets and liabilities relating to finance leases on the date of transition remain unchanged. The Company transitioned to IFRS 16 in accordance with the modified retrospective approach, with the cumulative effect of initially applying the new standard recognized in retained earnings on May 1, 2019. The prior year's figures were not adjusted.

The following table reconciles the operating lease commitments as at May 1, 2019 to the opening balance of lease liabilities as at May 1, 2019

Operating Lease commitments as at May 1, 2019	\$	-
Add: finance lease liabilities recognized as at May 1, 2019		42,708
Lease liabilities recognized as at May 1, 2019	\$	42,708

3. RECEIVABLES

	October 31, 2020	April 30, 2020
Commodity tax recoverable	\$ 12,474	\$ 9,009
Trade receivables	37,827	30,338
	\$ 50,301	\$ 39,347

4. MARKETABLE SECURITIES

During the year ended April 30, 2020, the Company received 10,500,000 common shares of a private corporation, Snow Lake Resources Ltd. ("Snow Lake"), valued at \$135,388 pursuant to the sale of the Thompson Bros Lithium Property. As of October 31, 2020, 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, April 30, 2020 and October 31, 2020	10,500,000	\$ 135,388

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%

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FOR THE SIX MONTHS ENDED OCTOBER 31, 2020**4. MARKETABLE SECURITIES (cont'd...)**

During the year ended April 30, 2020, 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.

As of October 31, 2020, the fair value of the 875,000 warrants of Berkwood was revalued to \$100 (April 30, 2020 - \$2,600) using the Black-Scholes option pricing model (inputs below), which resulted in an unrealized loss of \$2,500 (2019 – gain of \$7,200).

	October 31, 2020
Stock price	\$0.055
Exercise price	\$0.150
Risk free interest rate	1.60%
Expected life of options	1.75 years
Expected annualized volatility	138.52%
Expected dividend rate	0.00%

	Common shares	Total
Berkwood Resources Ltd.		
Balance, April 30, 2019	1,750,000	\$ 96,250
Sales of common shares	(1,750,000)	(96,250)
Balance, April 30, 2020 and October 31, 2020	-	\$ -

	Warrants	Total
Berkwood Resources Ltd.		
Balance, April 30, 2019	875,000	\$ 21,900
Unrealized loss from change in fair value	-	(19,300)
Balance, April 30, 2020	875,000	\$ 2,600
Unrealized loss from change in fair value	-	(2,500)
Balance, October 31, 2020	875,000	\$ 100

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 year ended April 30, 2020, 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.

	Common shares	Total
Group Ten Metals Inc.		
Balance, April 30, 2019	200,000	\$ 26,000
Sale of common shares	(200,000)	(26,000)
Balance, April 30, 2020 and October 31, 2020	-	\$ -

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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, 2019	\$ 119,608	\$ -	\$ 8,085	\$ 127,693
Additions	125,942	128,471	-	254,413
Balance, April 30, 2020	245,550	128,471	8,085	382,106
Additions	249,280	15,445	-	264,725
Balance, October 31, 2020	\$ 494,830	\$ 143,916	\$ 8,085	\$ 646,831
Accumulated depreciation				
Balance, April 30, 2019	\$ 17,088	\$ -	\$ 404	\$ 17,492
Additions	30,664	19,271	768	50,703
Balance, April 30, 2020	47,752	19,271	1,172	68,195
Additions	31,267	16,380	346	47,993
Balance, October 31, 2020	\$ 79,019	\$ 35,651	\$ 1,518	\$ 116,188
Carrying amounts				
Balance, April 30, 2020	\$ 197,798	\$ 109,200	\$ 6,913	\$ 313,911
Balance, October 31, 2020	\$ 415,811	\$ 108,265	\$ 6,567	\$ 530,643

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FOR THE SIX MONTHS ENDED OCTOBER 31, 2020**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, 2020:

	Z1 Zeolite Property, BC	Z2 Zeolite Property, BC	Z3 Pozzolan Property, BC	Total
Opening balance				
Acquisition costs	\$ 585,400	\$ 11,050	\$ 7,500	\$ 603,950
Exploration costs	572,964	4,949	-	577,913
Balance, April 30, 2020	1,158,364	15,999	7,500	1,181,863
Acquisition cost additions				
Cash	-	-	-	-
Shares	-	-	-	-
Total acquisition cost additions	-	-	-	-
Assays	-	-	8,111	8,111
Geological consulting	25,873	-	62,725	88,598
Field work	9,971	-	15,093	25,064
Travel	9,385	-	436	9,821
Less: recovery	(1,488)*	-	-	(1,488)
Total exploration cost additions	43,741	-	86,365	130,106
Balance, October 31, 2020	\$ 1,202,105	\$ 15,999	\$ 93,865	\$ 1,311,969

* recovery consists of sales of zeolite

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

Summary for the year ended April 30, 2020:

	Buckingham Property, Quebec	Thompson Bros. Lithium Property, Manitoba	Z1 Zeolite Property, BC	Z2 Zeolite Property, BC	Heffley Creek 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	-	-	-	7,750	7,500	15,250
Shares	-	-	-	3,300	-	3,300
Total acquisition cost additions	-	-	-	11,050	7,500	18,550
Geological consulting	-	-	5,088	1,875	-	6,963
Field work	-	-	23,021	3,074	-	26,095
Travel	-	-	14,062	-	-	14,062
Less: recovery	-	-	(8,700)*	-	-	(8,700)
Less: recovery (cancellation of shares)	-	(120,000)	-	-	-	(120,000)
Total exploration cost additions (recovery)	-	(120,000)	33,471	4,949	-	(81,580)
Marketable securities received for exploration and evaluation assets	-	(135,388)	-	-	-	(135,388)
Write-off	(970,309)	-	-	-	-	(970,309)
Balance, April 30, 2020	\$ -	\$ -	\$ 1,158,364	\$ 15,999	\$ 7,500	\$ 1,181,863

* recovery consists of sales of zeolite

PROGRESSIVE PLANET SOLUTIONS INC.

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

Z1 Zeolite Property, British Columbia

On January 23, 2017, the Company entered into a property option agreement, subsequently amended, for the Z1 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.

Z2 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 (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

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

Heffley Creek Property, British Columbia

On February 24, 2020, the Company entered into an option agreement to acquire a 100% interest in the Heffley Creek Metals & Pozzolan Property in Heffley Creek, BC, for the following consideration:

- i) Cash payment
 - a) \$7,500 on or before February 25, 2020 (paid).
 - b) \$10,000 on or before February 10, 2021.
 - c) \$10,000 on or before February 10, 2022.
 - d) \$12,500 on or before February 10, 2023.
 - e) \$15,000 on or before February 10, 2024.
- ii) Exploration expenditures
 - a) incur \$50,000 in exploration on or before February 10, 2021.
 - b) incur \$50,000 in exploration on or before February 10, 2022.
 - c) incur \$75,000 in exploration on or before February 10, 2023.
 - d) incur \$100,000 in exploration on or before February 10, 2024.

The vendor will retain a royalty of \$8 per tonne of industrial mineral products produced from the property, subject to a 75% buyback right in consideration of \$150,000. The vendor will also retain a 3% NSR subject to a 50% buyback right in consideration of \$1,500,000.

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.

During the year ended April 30, 2020, the Company has decided to terminate the option agreement and wrote-off \$970,309.

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

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.

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.

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

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

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 year ended April 30, 2020 (Note 10).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	October 31, 2020	April 30, 2020
Trade payables	\$ 139,161	\$ 132,719
Accrued liabilities	18,000	41,432
	<u>\$ 157,161</u>	<u>\$ 174,151</u>

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, 2020	April 30, 2020
Maturity Analysis - contractual undiscounted cash flows		
Less than one year	\$ 29,992	\$ 31,441
More than one year	97,073	112,069
Total undiscounted lease liabilities	<u>\$ 127,065</u>	<u>\$ 143,510</u>
Lease liabilities included in the statement of financial position		
Current	\$ 26,544	\$ 25,757
Non-current	83,494	96,395
Balance	<u>\$ 110,038</u>	<u>\$ 122,152</u>
Amounts recognized in profit and loss		
Interest on lease liabilities	\$ 2,882	\$ 4,339

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Summary for the year ended:

Lease liabilities as at May 1, 2019	\$	42,708
Additions		128,471
Payments		(53,366)
Interest expense		4,339
Lease liabilities as at April 30, 2020	\$	122,152
Payments		(14,996)
Interest expense		2,882
Lease liabilities as at October 31, 2020	\$	110,038

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, 2020, the Company paid \$27,000 to reduce the loan payable. During the six months ended October 31, 2020, the Company repaid the loan.

	October 31, 2020		April 30, 2020	
Opening balance	\$	13,500	\$	40,500
Less: loan payments		(13,500)		(27,000)
Loan payable - non-current portion	\$	-	\$	13,500

During the year ended April 30, 2020, the Company arranged loans by way of promissory notes for total proceeds of \$100,000, of which \$50,000 was repaid. The remaining loans matures in one year and bear interest of 10% per annum.

During the six months ended October 31, 2020, the Company arranged loans by way of promissory notes for total proceeds of \$75,000. The remaining loans matures in one year and bear interest of 10% per annum.

	October 31, 2020		April 30, 2020	
Opening balance	\$	53,746	\$	-
Add: loan proceed		75,000		100,000
Add: interest		5,116		3,746
Less: loan repayment		-		(50,000)
Loan payable - current portion	\$	133,862	\$	53,746

On May 13, 2020, both the Company and its subsidiary, Progressive Planet Alberta Inc, received a loan of \$40,000 for the Canada Emergency Business Account to provide emergency support to business due to the impact of COVID-19. The loan is non-interest bearing until December 31, 2022, after which it will incur interest at 5% per annum. If the principal of \$30,000 is fully repaid on or before December 31, 2022, the remaining \$10,000 will be forgiven.

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9. LOAN PAYABLE (cont'd...)

During the six months ended October 31, 2020, the Company received a loan of \$200,000 bearing a fixed interest rate equal to prime plus 3% over a five year period and the Company granted 6,000,000 bonus warrants (valued at \$319,800) to the controlling shareholder of the Company in consideration of acting as a guarantor. Each warrant is exercisable into one common share at \$0.05 with 2,000,000 warrants expiring on June 15, 2021 and 4,000,000 warrants expiring on June 15, 2023

	October 31, 2020
Opening balance	\$ -
Add: loan proceeds	200,000
Add: interest	4,100
Add: fair value of bonus warrants	319,800
Less: loan repayment	(18,137)
Less: amortization of warrants fair value	(23,819)
	481,944
Less: loan payable – current portion	(33,371)
Loan payable – non-current portion	\$ 448,573

10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

Authorized: unlimited common shares without par value

During the period ended October 31, 2020, the Company:

- i) closed a non-brokered private placement of 6,784,000 units at a price of \$0.03 per unit for gross proceeds of \$203,520, of which \$164,520 was collected in the year ended April 30, 2020. Each unit is comprised of one common share and one-half of a share purchase warrant of the Company. Each whole warrant will entitle the holder to purchase one share at a price of \$0.05 per warrant until May 12, 2021.
- ii) closed a private placement of 1,250,000 flow-through units at \$0.08 per flow-through unit for gross proceeds of \$100,000, of which \$nil was allocated to the warrant component of the unit offering completed. Each unit is comprised of one flow-through common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to purchase one non-flow-through share at a price of \$0.10 per warrant until September 25, 2021. A value of \$18,750 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 \$1,924 as reversal of flow-through premium during the period ended October 31, 2020.

The Company also closed a private placement of 3,150,000 non-flow through units at \$0.065 per unit for gross proceeds of \$204,750, of which \$nil was allocated to the warrant component of the unit offering completed. Each unit is comprised of one common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to purchase one share at a price of \$0.10 per warrant until September 25, 2021. The Company paid issuance costs of \$7,850 cash and 120,000 finder's warrants. Each finder's warrant will entitle the holder to purchase one share at a price of \$0.10 per warrant until September 25, 2021. The Company also paid other issuance costs of \$2,274.

- iii) issued 1,667,000 common shares upon exercise of warrants for gross proceeds of \$83,350.

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

During the year ended April 30, 2020, the Company:

- i) cancelled 500,000 shares with a value of \$120,000 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).
- iv) 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, of which \$nil was allocated to the warrant component of the unit offering completed. The flow-through shares were valued at \$0.07 for a total value of \$189,350, and the residual value of \$Nil was allocated to deferred premium on flow-through shares. 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.
- v) closed the second tranche of a private placement of 2,010,000 units at \$0.06 per unit for gross proceeds of \$120,600, of which \$20,100 was allocated to the warrant component of the unit offering completed. 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 \$0.075 per warrant until July 29, 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 six months ended October 31, 2020, the Company:

- i) granted 950,000 stock options to officers, directors, consultants, and employee of the Company, exercisable at a price of \$0.05 per share, expiring on May 22, 2022. The estimated fair value of the options is \$26,100 or \$0.03 per option.

During the year ended April 30, 2020, the Company:

- i) granted 116,667 stock options to an officer and employees 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.
- ii) granted 1,037,000 stock options to officers, directors and employees of the Company, exercisable at a price of \$0.06 per share, expiring on February 3, 2022. The estimated fair value of the options is \$27,900 or \$0.03 per option.
- iii) granted 60,000 stock options to a consultant of the Company, exercisable at a price of \$0.06 per share, expiring on September 13, 2020. The estimated fair value of the options is \$300 or \$0.01 per option.
- iv) granted 50,000 stock options to a consultant of the Company, exercisable at a price of \$0.06 per share, expiring on March 13, 2022. The estimated fair value of the options is \$800 or \$0.02 per option.

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

Stock options (cont'd...)

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

	Options	Weighted Average Exercise Price
Balance, April 30, 2019	2,170,000	\$ 0.20
Granted	1,263,667	0.07
Exercised	(30,000)	0.16
Expired	<u>(826,666)</u>	0.25
Balance, April 30, 2020	2,577,001	0.12
Granted	950,000	0.05
Expired/Cancelled	<u>(601,666)</u>	0.17
Balance, October 31, 2020	2,925,335	\$ 0.09
Exercisable, October 31, 2020	2,925,335	\$ 0.09

As at October 31, 2020, the Company had the following stock options outstanding:

Options Outstanding and Exercisable	Exercise Price	Expiry Date
233,333*	\$0.165	26-Nov-20
58,334*	0.15	28-Dec-20
110,000	0.15	5-Mar-21
403,334	0.15	29-Apr-21
83,334	0.15	12-Aug-21
1,037,000	0.06	3-Feb-22
50,000	0.06	13-Mar-22
<u>950,000</u>	0.05	22-May-22
<u>2,925,335</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:

	2020	2019
Risk-free interest rate	1.26%	1.39%
Expected life of options	2.00 years	2.00 years
Expected annualized volatility	151.9%	134.38
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, 2019	10,953,263	\$ 0.32
Granted	4,715,000	0.08
Expired	<u>(8,069,930)</u>	0.32
Balance, April 30, 2020	7,598,333	0.32
Granted	11,712,000	0.06
Exercised	(1,667,000)	0.05
Expired	<u>(7,598,333)</u>	0.16
Balance, October 31, 2020	10,045,000	\$ 0.05

As at October 31, 2020, the Company had the following warrants outstanding:

Warrants Outstanding	Exercise Price	Expiry Date
1,725,000*	\$0.05	12-May-21
2,000,000	0.05	16-June-21
1,575,000	0.10	25-September-21
120,000	0.10	25-September-21
625,000	0.10	25-September-21
<u>4,000,000</u>	0.05	16-Jun-23
<u>10,045,000</u>		

*subsequent to October 31, 2020, 50,000 warrants were exercised.

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11. RELATED PARTY TRANSACTIONS

The Company defines key management as officers and directors. For the period ended October 31, 2020, the Company had the following transactions with key management, being related parties:

- i) paid or accrued management fees of \$18,000 (2019 - \$18,000) to a corporation owned by the Company’s CEO for his services as President and CEO.
- ii) paid or accrued fees of \$42,000 (2019 - \$42,000) to a corporation owned by the Company’s CEO for services relating to research and development.
- iii) paid or accrued director fees of \$6,000 (2019 - \$Nil) to the directors of the Company.
- iv) paid or accrued professional fees of \$36,000 (2019 - \$36,000) to a partnership in which the Company’s Chief Financial Officer has an interest.
- v) paid or accrued advertising and promotion consulting fees of \$6,000 (2019 - \$Nil) to the CEO’s spouse.
- vi) granted a total of 700,000 stock options (2019 - \$50,000) to officers and directors of the Company, of which the fair market value was estimated at \$19,232 (2019 - \$3,557) and was included in share-based compensation expense.

As at October 31, 2020, \$34,868 (April 30, 2020 - \$33,066) 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 year ended April 30, 2020, the Company completed the sale with an arm’s length vendor to acquire its interest in early stage intellectual property relating to sulfur lithium battery research resulting in a gain of \$97,500.

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

13. OTHER INCOME

	For the period ended October 31, 2020	For the year ended April 30, 2020
Sale of products	\$ 28,439	\$ 30,536
Provision of research services	48,170	25,934
	\$ 76,609	\$ 56,470

14. 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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FOR THE SIX MONTHS ENDED OCTOBER 31, 2020**15. FINANCIAL INSTRUMENTS AND RISKS****Fair values**

The Company's financial instruments consist of cash, marketable securities, accounts payable and accrued liabilities and loan payable. Cash and marketable securities are carried at fair value. The fair values of accounts payable and accrued liabilities and loan payable 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, 2020</i>				
Cash	\$ 69,473	\$ 69,473	\$ -	\$ -
Marketable securities	135,488	-	100	135,388
<i>As at April 30, 2020</i>				
Cash	\$ 101,261	\$ 101,261	\$ -	\$ -
Marketable securities	137,988	-	2,600	135,388

Financial instruments measured at fair value on the statement of financial position include marketable securities and are included in level 1 of the fair value hierarchy.

The fair value of the warrant component of the Snow Lake private company (Note 4), which is not traded in an active market, are within level 2 of the fair value hierarchy as it is measured using the Black-Scholes Option Pricing Model

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

The Snow Lake private company shares (Note 4) are valued within level 3 of the fair value hierarchy. The key assumptions driving the valuation of the Company's private company investments include, but are not limited to, the value at which a recent financing was completed by the investee, significant changes in general market conditions and company specific information. For those investments valued based on general market condition and company specific information, these inputs can be highly judgmental.

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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FOR THE SIX MONTHS ENDED OCTOBER 31, 2020**16. 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, 2020	April 30, 2020
Exploration and evaluation assets		
Canada	\$ 1,311,969	\$ 1,181,863
Property and equipment		
Canada	\$ 530,643	\$ 313,911

17. SUBSEQUENT EVENTS

Subsequent to October 31, 2020, the Company:

- i) issued 50,000 common shares upon exercise of warrants for gross proceeds of \$2,500.
- ii) closed a private placement of 2,500,000 flow-through units at \$0.10 per flow-through unit for gross proceeds of \$250,000, of which \$nil was allocated to the warrant component of the unit offering completed. Each unit is comprised of one flow-through common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to purchase one non-flow-through share at a price of \$0.15 per warrant until December 24, 2021.