

NORAM VENTURES INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2020 AND 2019
(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Noram Ventures Inc.

Opinion

We have audited the consolidated financial statements of Noram Ventures Inc. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2020 and 2019, and the consolidated statements of operations and comprehensive loss, cash flows and changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements. As stated in Note 1, there are events or conditions, along with other matters as set forth in Note 1, that 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 comprises the information included in Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

DML

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

June 1, 2020

NORAM VENTURES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at January 31

(Expressed in Canadian Dollars)

	2020	2019
ASSETS		
Current assets		
Cash	\$ 10,868	\$ 251,697
GST receivable	4,772	7,957
Subscriptions receivable	8,500	5,000
Prepaid expenses	20,883	80,648
	45,023	345,302
Property and equipment (Note 3)	114,811	9,899
Reclamation bond	19,159	19,541
Exploration and evaluation assets (Notes 4 and 7)	3,018,696	2,778,654
Total assets	\$ 3,197,689	\$ 3,153,396
LIABILITIES		
Current liabilities		
Accounts payable (Note 7)	\$ 168,447	\$ 192,338
Accrued liabilities	21,700	16,309
Current portion of lease liability (Note 5)	53,865	-
	244,012	208,647
Lease liability (Note 5)	50,601	-
Total liabilities	294,613	208,647
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	10,981,618	10,598,720
Reserve (Note 6)	1,599,875	1,517,428
Deficit	(9,678,417)	(9,171,399)
Total shareholders' equity	2,903,076	2,944,749
Total liabilities and shareholders' equity	\$ 3,197,689	\$ 3,153,396

Nature of operations and going concern (Note 1)

Subsequent events (Note 14)

Approved on behalf of the Board:

Director "Arthur Brown"
 Arthur Brown

"Mark Ireton"
 Mark Ireton

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

NORAM VENTURES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the year ended January 31
(Expressed in Canadian Dollars)

	2020	2019
EXPENSES		
Claims maintenance fees	\$ 76,301	\$ 70,714
Consulting and management fees with related parties (Note 7)	16,667	68,500
Consulting fees	129,380	27,609
Corporate communication	6,170	137,307
Depreciation (Note 3)	56,969	2,205
Filing and transfer agent fees	23,890	43,318
Office and administrative	48,470	55,443
Professional fees	29,785	166,150
Rent	40,163	29,026
Share-based compensation (Notes 6 and 7)	100,754	716,256
Travel and promotion	40,060	31,833
Loss from operations	(568,609)	(1,348,361)
Other items		
Gain on settlement of lawsuit (Note 4)	-	66,329
Gain on debt forgiven (Note 11)	10,586	-
Impairment of mineral properties (Note 4)	-	(161,176)
Interest income	-	213
Interest and finance expense (Notes 5 and 7)	(6,308)	(6,309)
Rental income	50,708	-
	54,986	(100,943)
Net and comprehensive loss	\$ (513,623)	\$ (1,449,304)
Basic and diluted loss per share	\$ (0.01)	\$ (0.06)
Weighted average number of common shares outstanding	38,036,048	24,399,808

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

NORAM VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended January 31
(Expressed in Canadian Dollars)

	2020	2019
Cash provided by (used in):		
Operating activities		
Net loss	\$ (513,623)	\$ (1,449,304)
Adjustments		
Depreciation	56,969	2,205
Share-based compensation	100,754	716,256
Gain on debt forgiven	(10,586)	-
Accretion	12,617	-
Consulting fees paid by share issuance	-	6,000
Impairment of mineral properties	-	161,176
Non-cash working capital items		
GST receivables	3,185	4,087
Prepaid expenses	59,765	(80,648)
Accounts payable and accrued liabilities	(7,914)	145,938
Net cash used in operating activities	(298,833)	(494,290)
Investing activities		
Decrease (Increase) to reclamation bond	382	(9,977)
Purchase of equipment	(2,050)	(10,805)
Exploration and evaluation expenditures	(240,042)	(812,499)
Net cash used in investing activities	(241,710)	(833,281)
Financing activities		
Lease liability payments	(61,377)	-
Shares issued for cash, net of share issue costs	361,091	1,426,912
Net cash provided by financing activities	299,714	1,426,912
Change in cash	(240,829)	99,341
Cash, beginning of the year	251,697	152,356
Cash, end of the year	\$ 10,868	\$ 251,697

Supplemental disclosure with respect to cash flows (Note 11)

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

NORAM VENTURES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Share capital	Share Subscriptions Advanced	Reserve	Deficit	Total
Balance at January 31, 2018	19,613,733	\$ 7,957,949	\$ 10,000	\$ 904,031	\$(7,722,095)	\$ 1,149,885
Shares issued:						
Warrants exercised at \$0.50 per share (Note 6)	70,000	35,000	(10,000)	-	-	25,000
Property interests at \$0.30 per share (Notes 4 and 6)	3,800,000	1,140,000	-	-	-	1,140,000
Options exercised at \$0.15 to \$0.50 per share (Note 6)	850,000	326,700	-	(161,200)	-	165,500
Private placement at \$0.105 per unit (Note 6)	11,962,476	1,256,060	-	-	-	1,256,060
Share issuance costs (Note 6)	-	(116,989)	-	58,341	-	(58,648)
Share-based payments (Note 6)	-	-	-	716,256	-	716,256
Net and comprehensive loss	-	-	-	-	(1,449,304)	(1,449,304)
Balance at January 31, 2019	36,296,209	10,598,720	-	1,517,428	(9,171,399)	2,944,749
Shares issued:						
Options exercised at \$0.15 to \$0.16 per share (Note 6)	100,000	30,683	-	(14,832)	-	15,851
Options exercised at \$0.07 per share (Note 6)	50,000	6,975	-	(3,475)	-	3,500
Warrants exercised at \$0.14 per share (Note 6)	150,000	21,000	-	-	-	21,000
Private placements at \$0.055 per unit (Note 6)	6,027,273	331,500	-	-	-	331,500
Share issuance costs (Note 6)	-	(7,260)	-	-	-	(7,260)
Share-based payments (Note 6)	-	-	-	100,754	-	100,754
Transition adjustment for leases per adoption of IFRS 16 (Note 5)	-	-	-	-	6,605	6,605
Net and comprehensive loss	-	-	-	-	(513,623)	(513,623)
Balance at January 31, 2020	42,623,482	\$ 10,981,618	\$ -	\$ 1,599,875	\$(9,678,417)	\$ 2,903,076

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

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

Noram Ventures Inc. ("Noram" or the "Company") was incorporated on June 15, 2010 under the Business Corporations Act (British Columbia). The Company, through its wholly owned subsidiary, Green Energy Resources Inc. ("Green Energy"), is in the business of acquiring, exploring and developing mineral exploration properties, primarily in the state of Nevada, USA. The Company's shares are listed on the TSX Venture Exchange ("TSX-V").

The address of the Company's registered and records office is Suite 2150, 555 West Hastings Street, Vancouver, BC, V6B 4N6.

These consolidated financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The business of exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of resource property expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. The Company will need access to capital to continue advancing its properties. Additional financing is subject to the global financial markets and prevailing economic conditions. These factors will likely make it more challenging to obtain financing. These matters and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern.

These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the statement of operations and comprehensive loss and financial position classifications that would be necessary were the going concern assumption not appropriate.

	January 31 <u>2020</u>	January 31 <u>2019</u>
Deficit	\$ (9,678,417)	\$ (9,171,399)
Working capital (deficiency)	\$ (198,989)	\$ 136,655

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, with the exception of International Financial Reporting Standard ("IFRS") 16 adopted on February 1, 2019 (Note 5).

The consolidated financial statements were approved by the Board of Directors of the Company on June 1, 2020.

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Basis of presentation

a) Statement of compliance

The consolidated financial statements of the Company and its subsidiary are prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiary's functional currency.

d) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure.

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Significant areas where management's judgment has been applied include:

- **Asset impairment**

Indications of impairment and of reversal of impairment and recoverable amount:

The assessment of indications of impairment and the reversal of an impairment and the measuring of the recoverable amount when impairment tests are done involve judgment. If there is an indication of impairment or reversal of an impairment, an estimate of the recoverable amount of the asset or the cash generating unit is performed and an impairment or reversal of impairment is recognized to the extent that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use. The management determines for each property if there are any facts and circumstances indicating impairment or reversal of impairment. Facts and circumstances indicating impairment include, but are not limited to the following:

- a. the period for which the entity has the right to explore in a specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
 - b. substantive expenditure on further exploration for an evaluation of mineral resources in a specific area is neither budgeted nor planned;
 - c. exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
-

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

d) Significant accounting judgments and estimates (continued)

- d. sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment or a reversal of an impairment exists, management has to evaluate the recoverable amount of the asset or the cash-generating unit, and this requires management to make assumptions as to the future events or circumstances. The assumptions are based on the Company's exploration and evaluation program which consider whether results from exploration works justify further investments, the confirmation of the interest of the Company in the mining claims, the ability of the Company to obtain the necessary financing to complete the future development or if the disposal of the properties for proceeds is in excess of their carrying value.

- **Going concern**

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as, expectations of future events that are believed to be reasonable under the circumstances.

- **Exploration and evaluation expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditures capitalized requires judgment in determining which expenditures are recognized as exploration and evaluation assets and applying the policy consistently. In making this determination, the Company considers the degree to which the expenditure can be associated with finding specific mineral resources.

- **Deferred taxes**

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

- **Share-based compensation**

The Company uses the fair value method of valuing compensation expense associated with the Company's share-based compensation plan whereby notional shares are granted to employees, board of directors and key consultants. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant.

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

d) Significant accounting judgments and estimates (continued)

- **Decommissioning liabilities**

The Company recognizes the liability for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties, when those obligations result from the exploration or development of its properties. The Company assesses its provision for site reclamation at each reporting date. Significant estimates and assumptions are made in determining the provision for site reclamation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and discount rates. Those uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future reclamation costs required. As at January 31, 2020 and 2019, the Company has not recognized any decommissioning liabilities.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary Green Energy Inc. ("Green Energy"), incorporated under the laws of the State of Nevada on May 10, 2016.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated in preparing the consolidated financial statements.

Foreign currencies

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the relevant transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Translation gains and losses are included in income or expense of the period in which they occur. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transactions. Monetary assets and liabilities of the Company's operations denominated in a currency other than the Canadian dollar are translated using exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions. Revenue and expense items are translated at the exchange rates in effect at the date of the underlying transaction, except for amortization related to non-monetary assets, which are translated at historical exchange rates. Exchange differences are recognized in the consolidated statements of loss and comprehensive loss in the period in which they arise.

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Financial instruments

Measurement – initial recognition

All financial assets and financial liabilities are initially recorded on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All financial asset and liabilities are initially recorded at fair value, net of attributable transaction costs, except for those classified as fair value through profit or loss ("FVTPL"). Subsequent measurement of financial assets and financial liabilities depends on the classifications of such assets and liabilities.

Classification – financial assets

Amortized cost

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequent to initial recognition at amortized cost.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method, and is recognized in interest and other income, on the consolidated statements of loss and comprehensive loss.

The Company currently has no financial assets measured at amortized cost.

Fair value through other comprehensive income ("FVTOCI")

Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and selling financial assets, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings.

The Company currently has no financial assets designated as FVTOCI.

Fair value through profit or loss ("FVTPL")

By default, all other financial assets are measured subsequently at FVTPL. The Company has classified its cash and cash equivalent as FVTPL.

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Financial instruments (continued)

Classification – financial liabilities

Amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost includes accounts payable..

FVTPL

Financial liabilities classified FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the statements of loss and comprehensive loss. The Company does not have any financial liabilities at FVTPL.

The Company has no hedging arrangements and does not apply hedge accounting.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less. There were no cash equivalents as at January 31, 2020 and 2019.

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral interests. Accordingly, once a license to explore an area has been secured, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of exploration and evaluation assets and crediting all revenues received against the cost of the related interests. Such costs, include, but are not limited to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources. The aggregate costs related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. The Company recognized as income any costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount. Upon transfer of exploration and evaluation costs into mine development, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized within mine development. After production starts, all assets included in mine development costs are transferred to producing mines.

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Asset retirement obligation

Provisions for the decommissioning, restoration and rehabilitation are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. Upon initial recognition of the liability, the corresponding costs are added to the carrying amount of the related asset and amortized as an expense, using a systematic method, over the economic life of the asset. Following initial recognition of the asset retirement obligation, the carrying amount of the liability is adjusted annually for the passage of time and changes to the amount or timing of the underlying cash flows needed to settle the obligation. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts. The Company does not have any asset retirement obligation as January 31, 2020 and January 31, 2019.

Mining tax credit

Mining tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mining credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration expenditures.

Property and Equipment

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Depreciation is calculated on a declining balance basis to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to computer equipment and furniture and fixtures are 45% and 30%, respectively.

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Impairment

Financial assets

Financial assets classified other than at fair value through profit or loss are assessed for impairment at each reporting date by determining whether there is objective evidence that indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset can be estimated reliably.

Non-financial assets

The Company reviews and evaluates its property, including exploration and evaluation assets, and equipment for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable or at least at the end of each reporting period. The asset's recoverable amount is estimated if an indication of impairment exists.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. 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. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. Impairment losses reducing the carrying value to the recoverable amount are recognized in profit and loss.

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

Share issue costs

Professional, consulting, regulatory and other costs directly attributable to equity financing transactions are recorded as deferred share issue costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred share issue costs related to financing transactions that are not completed are charged to expenses.

Share purchase warrants

The Company bifurcates units consisting of common shares and share purchase warrants using the residual value approach whereby it first measures the common share component of the unit at fair value using market prices as input values and then allocates any residual amount to the warrant component of the unit. The residual value of the warrant component is recorded in reserves. When warrants are exercised, the corresponding residual value is transferred from reserves to share capital.

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Share based payments

The Company's Stock Option Plan allows directors, officers and consultants to acquire shares of the Company in exchange for the options exercised. The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

Share based payments to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

The fair value of warrants issued to agents in connection with private placements ("Agent Warrants") is recognized on the date of issue as a share issue cost. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of Agent Warrants issued.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest based on estimate of forfeiture rate.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as the outstanding options and warrants are anti-dilutive.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Income taxes (continued)

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that does not affect either accounting or taxable income or loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

New accounting standards

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 16 Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. For the reporting period ending January 21, 2020, the Company's office lease has become an on-balance sheet liability and a right-of-use asset (Notes 3 and 5).

NORAM VENTURES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

JANUARY 31, 2020 AND 2019

*(Expressed in Canadian Dollars)***3. Property and Equipment**

The following table summarizes the changes in the Company's equipment for the years ended January 31, 2020 and 2019:

	Computer Equipment	Furniture and Fixtures	Right-of-use Asset	TOTAL
Cost				
Balance, January 31 2018	\$ 1,563	\$ -	\$ -	\$ 1,563
Additions	-	10,805	-	10,805
Balance, January 31 2019	1,563	10,805	-	12,368
Additions (Note 5)	-	2,050	159,831	161,881
Balance, January 31, 2020	\$ 1,563	\$ 12,855	\$ 159,831	\$ 174,249
Accumulated Depreciation				
Balance, January 31 2018	\$ 264	\$ -	\$ -	\$ 264
Depreciation for the year	584	1,621	-	2,205
Balance, January 31 2019	848	1,621	-	2,469
Depreciation for the year	320	3,372	53,277	56,969
Balance, January 31, 2020	\$ 1,168	\$ 4,993	\$ 53,277	\$ 59,438
Net Book Value				
Balance, January 31, 2019	\$ 715	\$ 9,184	\$ -	\$ 9,899
Balance, January 31, 2020	\$ 395	\$ 7,862	\$ 106,554	\$ 114,811

On January 1, 2019, the Company entered into a lease agreement for corporate office space which expires December 31, 2021. Effective February 1, 2019, the Company transitioned to IFRS 16 and recognized this lease as a right-to-use asset, including a lease liability (see Note 5). The Company has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.

4. Exploration and evaluation assets

A summary of the capitalized acquisition and exploration expenditures on the Company's exploration and evaluation assets for the years ending January 31, 2020 and 2019 are as follows:

	Clayton Valley Claims
Balance, January 31 2018	\$ 987,331
Acquisition costs	1,623,605
Exploration costs (Note 7)	328,894
Impairment	(161,176)
Balance, January 31 2019	2,778,654
Exploration costs (Note 7)	240,042
Balance, January 31 2020	\$ 3,018,696

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

4. Exploration and evaluation assets (continued)

Clayton Valley, Nevada, USA

The Company entered into an agreement to acquire mineral claims in Clayton Valley, Nevada. The Company paid USD\$ 100,000 (\$125,480) for the mineral claims, by way of a promissory note to the vendor and a Net Smelter Royalty ("NSR") of 2.5%. The promissory note and all accrued interest at the rate of 8% per annum is due on or before April 27, 2017. The definitive agreement and transfer of tenure closed on April 27, 2016.

The Company has since acquired additional claims, by way of staking.

On February 8, 2017, the Company entered into a definitive property option agreement (the "Option Agreement") with Alba Minerals Ltd. ("Alba"), a company with a common director, whereby Alba can acquire certain lithium claims.

In order to keep the Option Agreement in good standing and in force and effect, Alba shall:

- a) Make mandatory payments in the aggregate amount of \$255,000 (received) to Green Energy, on completion of the drilling program in Clayton Valley, to earn a 25% interest in the Claims. For greater certainty, this payment is an obligation of Alba and not optional and upon payment of the said amount Alba will become the owner of the said 25% interest without having to give Exercise Notice;
- b) Make a second payment of \$200,000 to Green Energy on or before March 30, 2017 or at such time as the National Instrument 43-101 Technical Report on drilling results is completed, whichever is later, in order to earn an additional 5% for a total 30% interest in the claims (not paid);
- c) Make a third payment of \$200,000 to Green Energy on or before May 30, 2017, in order to earn an additional 5% for a total 35% interest in the claims (not paid);
- d) Make a fourth payment of \$289,500 to Green Energy on or before August 25, 2017, in order to earn an additional 10% for a total 45% interest in the claims (not paid); and
- e) Make a fifth payment of \$155,500 to Green Energy and issue an aggregate of 100,000 common shares in the capital of Alba (the "Alba Shares") to the Company on or before November 30, 2017, in order to earn an additional 5% for a total and maximum 50% interest in the claims (not paid).

On May 23, 2018, the Company purchased additional 140 lode claims for USD 64,680 (\$83,605).

On May 28, 2018, the Company entered into a property purchase agreement with Alba to repurchase the 25% interest Alba earned issuing 3,800,000 common shares with a fair value of \$1,140,000 and paying \$400,000 in cash (Note 6). On November 14, 2018, this transaction was completed.

On June 7, 2018, Green Energy filed a complaint in the Fifth Judicial Court of the State of Nevada against Centrestone Resources LLC ("Centerstone"), a Nevada limited liability company. On January 10, 2019, a settlement was reached with Centerstone and the Company received cash consideration of USD 50,000 (\$66,329).

During the year ended January 31, 2019, the Company decided not to proceed with the Lithium Brine project; therefore impairment of \$161,176 was recognized.

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

5. Lease liability

On January 1, 2019, the Company entered into an office lease for a term of 36 months. Monthly basic rent payments are \$5,115. The fair value of the lease liability and the corresponding right of use asset was \$159,831 at February 1, 2019 determined through discounting the future cash flows at a borrowing rate of 10%. Upon initial recognition of the lease on February 1, 2019, an adjustment of \$6,605 was made to the opening deficit. During the year ended January 31, 2020, accretion of \$12,617 was recorded on the lease and is included in interest and finance expense in the consolidated statement of operations and comprehensive loss. The balance of the lease at January 31, 2020 is \$104,466.

During 2019, the following amounts were recorded with respect to this lease agreement: interest of \$12,617 was expensed and is included in interest and finance expense; rental income of \$50,708 was reported on the sub-lease of the premises.

Lease transactions for the year ended January 31, 2020 are as follows:

Balance, February 1, 2019 on transition	\$ 159,831
Payments made	(67,982)
Accretion	12,617
Balance, January 31, 2020	\$ 104,466
Current portion	\$ 53,865
Long term portion	50,601
	\$ 104,466

6. Share Capital

a) **Authorized:** Unlimited number of common shares with no par value.

b) Issued and Outstanding

At January 31, 2020 there were 42,623,482 (2019 – 36,296,209) issued and fully paid common shares.

2020

On October 17, 2019, the Company issued 3,827,273 units pursuant to a non-brokered private placement at \$0.055 per unit for gross proceeds of \$210,500. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share at the price of \$0.07 until October 17, 2024.

On November 28, 2019, the Company issued 2,200,000 units pursuant to a non-brokered private placement at \$0.055 per unit for gross proceeds of \$121,000. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share at the price of \$0.07 until November 28, 2024. In connection with the November 28, 2019 private placement, the Company paid cash finders fees of \$7,260.

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

6. Share Capital (continued)

2020 (continued)

During the year ended January 31, 2020, the Company issued 150,000 common shares pursuant to the exercise of options at prices ranging from \$0.07 to \$0.16 per share for cash proceeds of \$19,351. An amount of \$18,307 was transferred from reserves to share capital upon exercise of these options. A subscription receivable of \$3,500 was received subsequent to year end.

During the year ended January 31, 2020, the Company issued 150,000 common shares pursuant to the exercise of warrants at a price of \$0.14 per share for gross proceeds of \$21,000.

2019

During the year ended January 31, 2019, the Company issued 850,000 common shares pursuant to the exercise of options at prices ranging from \$0.15 to \$0.50 per share for cash proceeds of \$165,500. An amount of \$161,200 was transferred from reserves to share capital upon exercise of these options.

During the year ended January 31, 2019, the Company issued 70,000 common shares pursuant to the exercise of warrants at a price of \$0.50 per share for gross proceeds of \$35,000.

On October 11, 2018, the Company issued 11,962,476 units pursuant to a non-brokered private placement at \$0.105 per unit for gross proceeds in the amount of \$1,256,060. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share at the price of \$0.14 until October 11, 2020. The Company paid finder's fees of \$58,648 in cash and 558,560 non-transferrable warrants with a fair value of \$58,341. Each warrant is exercisable into one common share at a price of \$0.14 until October 11, 2020. Consulting fees of \$6,000 owing to a director were converted into common shares at \$0.105 per share (Note 7).

On November 14, 2018, the Company issued 3,800,000 common shares for property option payments for Clayton Valley mineral claim to earn a 25% interest at fair value of \$0.30 per share for a total fair value of \$1,140,000 (Note 4).

c) Stock Options

The Company has a stock option plan whereby the Company 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 shares of the Company. Under the plan, the exercise price of each option will not be less than the discounted market price of the common shares as permitted by the TSX Venture Exchange policies. The options can be granted for a maximum term of 5 years.

On September 12, 2019, the Company granted 1,450,000 stock options to directors, officers and consultants of the Company, which are exercisable at \$0.07 for a period of 10 years until September 12, 2029. The estimated fair value of \$100,754, \$0.0695 a share, has been expensed during the period. It was calculated using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 1.45%, expected life of 10 years, no annual dividend, and expected volatility of 78%.

On October 12, 2018, the Company granted 1,230,000 stock options to directors, officers and consultants of the Company, which are exercisable at \$0.16 for a period of 10 years until October 12, 2028. The estimated fair value of \$189,883, \$0.1544 a share, has been expensed during the year. It was calculated for the options using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 2.49%, expected life of 10 years, no annual dividend and expected volatility of 130%.

NORAM VENTURES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

JANUARY 31, 2020 AND 2019

*(Expressed in Canadian Dollars)***6. Share Capital (continued)****c) Stock Options (continued)**

On September 4, 2018, the Company granted 800,000 stock options to directors, officers and consultants of the Company, which are exercisable at \$0.15 for a period of 5 years until September 4, 2023. The estimated fair value of \$91,141, \$0.1139 a share, has been expensed during the year. It was calculated for the options using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 2.16%, expected life of 5 years, no annual dividend and expected volatility of 130%.

On May 18, 2018, the Company granted 1,900,000 stock options to directors, officers and consultants of the Company, which are exercisable at \$0.18 for a period of 10 years until May 18, 2028. The estimated fair value of \$435,232, \$0.2291 a share, has been expensed during the year. It was calculated for the options using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 2.48%, expected life of 10 years, no annual dividend and expected volatility of 135%.

All of the options granted in fiscal years 2020 and 2019 vested upon grant.

A summary of stock option activity is as follows:

	2020		2019	
	Number of Options Exercisable	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding - beginning of year	2,420,000	\$ 0.17	585,000	\$ 0.54
Issued during the year	-	\$ -	1,900,000	\$ 0.18
Issued during the year	-	\$ -	800,000	\$ 0.15
Issued during the year	-	\$ -	1,230,000	\$ 0.16
Issued during the year	1,450,000	\$ 0.07	-	\$ -
Cancelled during the year	-	\$ -	(485,000)	\$ 0.54
Cancelled during the year	(90,000)	\$ 0.18	(760,000)	\$ 0.18
Exercised during the year	-	\$ -	(100,000)	\$ 0.54
Exercised during the year	(15,000)	\$ 0.15	(450,000)	\$ 0.15
Exercised during the year	(50,000)	\$ 0.07	-	\$ -
Exercised during the year	(85,000)	\$ 0.16	(300,000)	\$ 0.16
Outstanding - end of year	3,630,000	\$ 0.13	2,420,000	\$ 0.17

NORAM VENTURES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

JANUARY 31, 2020 AND 2019

*(Expressed in Canadian Dollars)***6. Share Capital (continued)**

The Company has the following options outstanding and exercisable:

Number of Options	Weighted Average Exercise Price	Weighted Average remaining contractual life	Expiry Date
1,050,000	\$ 0.18	8.30 years	May 18, 2028
335,000	\$ 0.15	3.59 years	September 4, 2023
845,000	\$ 0.16	8.70 years	October 12, 2028
1,400,000	\$ 0.07	9.62 years	September 12, 2029
3,630,000	\$ 0.13	8.48 years	

d) Warrants

Details of common share purchase warrants outstanding at January 31, 2020 are as follows:

	2020		2019	
	Number of Warrants Exercisable	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding - beginning of year	12,521,036	\$ 0.14	1,403,100	\$ 0.70
Unit warrants issued	-	\$ -	11,962,476	\$ 0.14
Unit warrants issued	6,027,273	\$ 0.07	-	\$ -
Brokers warrants issued	-	\$ -	558,560	\$ 0.14
Warrants exercised	-	\$ -	(70,000)	\$ 0.50
Warrants exercised	(150,000)	\$ 0.14	-	\$ -
Warrants expired	-	\$ -	(1,333,100)	\$ 0.50
Outstanding - end of year	18,398,309	\$ 0.12	12,521,036	\$ 0.14

As at January 31, 2020 the following share purchase warrants were outstanding:

Number of Warrants Exercisable	Weighted Average Exercise Price	Weighted Average remaining contractual life	Expiry Date
12,371,036	\$ 0.14	0.70 years	October 11, 2020
3,827,273	\$ 0.07	4.72 years	October 17, 2024
2,200,000	\$ 0.07	4.83 years	November 28, 2024
18,398,309			

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

6. Share Capital (continued)

e) Reserve

The reserve consists of items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

7. Related Party Transactions

During the fiscal year ended January 31, 2020, the Company had the following related party transactions:

a) The Company paid consulting fees in the amount of \$Nil (2019: \$60,000) to the former CEO of the Company.

b) The Company paid geological consulting fees to a company in which the CEO of the Company is a principal in the amount of \$103,551 (2019: \$16,750) of which: \$85,722 was capitalized in exploration and evaluation assets (2019: \$16,750); \$16,667 was expensed as consulting fees and \$1,162 (2019: \$Nil) was for travel expenses (Note 4).

c) The Company paid \$Nil (2019: \$5,000) to the CFO of the Company for consulting services.

d) The Company paid consulting fees in the amount of \$Nil (2019: \$3,500) to a former officer of the Company.

e) Recorded share-based compensation of \$90,350 (2019 - \$442,293) to directors and officers or companies with common directors (Note 6).

f) As at January 31, 2020, \$119,016 (2019: \$Nil) is included in accounts payable with respect to fees and out of pocket expenses owing to the former CEO and Company in which the CEO is a principal.

g) During the year ended January 31, 2019, the Company received loans totaling \$135,000 from directors or companies under their control. The loans were used to pay for the shares subscribed by the related party during the year. These loans bear interest at 12% per annum. Interest expense of \$6,309 was accrued during the year and was included in accrued liabilities at January 31, 2019. This interest was forgiven during the year ended January 31, 2020.

h) During the year ended January 31, 2019, consulting fees of \$6,000 owing to a director were converted into common shares at \$0.105 per share as part of the private placement (Note 6).

The Company had the following transactions with key management personnel:

	January 31, 2020	January 31, 2019
Management and consulting fees	\$ 16,667	\$ 74,500
Share-based compensation	90,350	442,293
Interest forgiven on loan	(6,309)	-
Fees capitalized in exploration and evaluation assets	85,722	16,750
Total	\$ 186,430	\$ 533,543

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

8. Financial Instruments

Fair Values and Classification

The Company's financial instruments include cash, reclamation bond, and accounts payable. The carrying amounts of cash, reclamation bond and accounts payable approximate their fair values because of the short-term nature of these instruments.

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

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

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

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

	January 31, 2020	January 31, 2019
	\$	\$
Financial assets at fair value through profit or loss (i)	30,027	271,238
Financial liabilities at amortized cost(ii)	168,447	192,338

(i) Cash and reclamation bond

(ii) Accounts payable

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

Cash	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at January 31, 2019	251,697	-	-	251,697
As at January 31, 2020	10,868	-	-	10,868

9. Financial risk management objectives and policies

The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash and reclamation bond are subject to credit risk for a maximum of the amounts shown on the statements of financial position. The Company limits its exposure to credit risk on cash by depositing only with reputable financial institutions.

NORAM VENTURES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

9. Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. The ability to do this relies on the Company maintaining sufficient cash on hand through debt or equity financing. Liquidity risk is assessed a high.

Significant commitments in years subsequent to January 31, 2020 are as follows:

	Carrying value	Contractual Cash flows	Within 1 Year	1 - 5 Years
	\$	\$	\$	\$
Accounts payable	168,447	168,447	168,447	-
Lease liability	104,466	194,616	101,544	93,072

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company believes it has no significant foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt as at January 31, 2020. The Company believes it has no significant interest rate risk.

10. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The capital structure of the Company consists of shareholder's equity, comprising issued capital and deficit. The Company is not exposed to any externally imposed requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

NORAM VENTURES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

JANUARY 31, 2020 AND 2019

*(Expressed in Canadian Dollars)***11. Supplemental disclosure with respect to cash flows**

During the fiscal year ended January 31, 2020:

- The Company entered into a lease for premises and at the lease commencement recorded a right-for-use asset in the amount of \$159,831 and a lease liability of \$153,226.
- On January 15, 2020, debt in the amount of US\$8,000 due to a geological consultant was forgiven resulting in a gain of CDN\$10,586.

During the fiscal year ended January 31, 2019:

- The Company issued 3,800,000 common shares pursuant to property acquisition at a price of \$0.30 per share (Note 4).
- Consulting fees of \$6,000 owing to a director were converted into common shares at \$0.105 per share.

12. Income taxes

The following table reconciles the expected income tax recovery at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended January 31, 2020 and 2019:

	2020	2019
Loss before income taxes	\$ (513,623)	\$ (1,449,304)
Statutory income tax rate	27%	27%
Expected income tax recovery	(138,678)	(391,312)
Increase (decrease) in income taxes resulting from:		
Non-deductible items	8,699	1,076,167
Effect of change in tax rate	-	(59,662)
Change in tax benefits not recognized	129,979	(625,193)
Deferred income tax asset	\$ -	\$ -

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax values. The unrecognized deductible temporary differences at January 31, 2020 and 2019 are as follows:

	2020	2019
Non-capital losses available for future period	\$ 1,053,695	\$ 923,402
Financing costs	748	1,495
Property, plant and equipment	7,561	6,564
Exploration and evaluation	(5,432)	(5,432)
Lease obligation	28,206	-
Right-of-use asset	(28,770)	-
Valuation allowance	(1,056,008)	(926,029)
Deferred income tax asset	\$ -	\$ -

NORAM VENTURES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

JANUARY 31, 2020 AND 2019

*(Expressed in Canadian Dollars)***12. Income taxes (continued)**

As at January 31, 2019, the Company has not recognized a deferred tax asset in respect of non-capital losses available of approximately \$3,902,573 (2019 - \$3,420,009) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2031	\$ 28,655
2032	44,557
2033	274,742
2034	308,371
2035	-
2036	222,903
2037	1,141,207
2038	829,955
2039	647,278
2040	404,905
	<u>\$ 3,902,573</u>

13. Segmented information

The Company operates in one reportable segment, being the identification, acquisition and exploration of mineral interests in the USA.

14. Subsequent events

On February 3, 2020, the Company granted 650,000 options to an arms' length consultant at a price of \$0.165 per share and exercisable until February 3, 2021.

Subsequent to the year end, 458,320 warrants were exercised at a price of \$0.14.

Since January 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.