

Century Global Commodities Corporation

Consolidated Financial Statements

March 31, 2023

(Expressed in Canadian Dollars)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and, where relevant, the choice of accounting principles. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors has met with the Company's independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board for approval.

The Company's independent auditors, PricewaterhouseCoopers LLP, have conducted an audit in accordance with generally accepted auditing standards, and their report follows.

(Signed) "Sandy Chim"

Sandy Chim
Chief Executive Officer

June 27, 2023

(Signed) "Bonnie Leung"

Bonnie Leung
Chief Financial Officer

June 27, 2023



Independent auditor's report

To the Shareholders of Century Global Commodities Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Century Global Commodities Corporation and its subsidiaries (together, the Company) as at March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at March 31, 2023 and 2022;
- the consolidated statements of loss for the years then ended;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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T: +1 416 863 1133, F: +1 416 365 8215, ca_toronto_18_york_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <p>Assessment of impairment indicators on Exploration and Evaluation Assets (E&E Assets)</p> <p><i>Refer to Note 6 (i) – Critical accounting estimates and judgments – Valuation of exploration and evaluation assets and Note 11 – Exploration and evaluation assets to the consolidated financial statements.</i></p> <p>The carrying value of the E&E Assets amounted to \$10.2 million as at March 31, 2023.</p> <p>At each reporting period, management applies judgment in assessing the E&E Assets to determine whether there are any events or changes in circumstances which indicate that the entity should test the E&E Assets for impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying value of an asset exceeds its recoverable amount.</p> <p>Management makes judgments in assessing whether changes to certain factors would be considered an indicator of impairment, which include: (i) the period during which the Company has the right to explore in the specific area has expired during the year or will expire in the near future; and (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned. No indicators of impairment were identified as at March 31, 2023.</p> | <p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Assessed the judgments made by management in determining the impairment indicators, which included the following:<ul style="list-style-type: none">– Obtained mining titles on a sample basis to assess the right to explore the specific area and title expiration dates.– Read the Board of Directors' minutes to evidence continued and planned exploration expenditures.– Assessed whether other facts and circumstances suggest that there is an indicator for impairment. |



| Key audit matter | How our audit addressed the key audit matter |
|---|--|
| <p>We considered this as a key audit matter due to (i) the significance of the E&E balance; (ii) the judgments made by the management in its assessment of indicators of impairment related to E&E Assets; and (iii) the high degree of subjectivity in performing audit procedures related to the judgments applied by management.</p> | |

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 27, 2023

Century Global Commodities Corporation
Consolidated Statements of Financial Position
As of March 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

| | Notes | March 31, 2023 \$ | March 31, 2022 \$ |
|---|-------|-------------------------|-------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 2,204,704 | 4,157,342 |
| Short term bank deposits | | 3,860,000 | 4,940,222 |
| Marketable securities | 8 | 461,671 | 1,175,534 |
| Trade and other receivables | 9, 26 | 2,054,018 | 1,677,462 |
| Sales taxes and other taxes recoverable | | 254,010 | 204,771 |
| Prepayments and deposits | | 193,398 | 302,202 |
| Inventories | 10 | 2,532,943 | 1,349,473 |
| | | <u>11,560,744</u> | <u>13,807,006</u> |
| Non-current assets | | | |
| Exploration and evaluation assets | 11 | 10,248,090 | 9,035,208 |
| Property, plant and equipment | 12 | 50,537 | 59,560 |
| Investment property | 13 | 913,595 | 944,579 |
| Right-of-use assets | 15 | 165,156 | 366,532 |
| Deferred tax assets | 16 | - | 47,374 |
| Investment in other equity instruments | 8 | 67,362 | 62,168 |
| | | <u>11,444,740</u> | <u>10,515,421</u> |
| Total assets | | <u>23,005,484</u> | <u>24,322,427</u> |

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

Century Global Commodities Corporation
Consolidated Statements of Financial Position
As of March 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

| | Notes | March 31, 2023 \$ | March 31, 2022 \$ |
|---|-------|-------------------------|-------------------------|
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 14 | 2,224,574 | 1,571,260 |
| Lease liabilities | 15 | 109,487 | 207,879 |
| Sales taxes and other taxes payable | | 790,088 | 697,585 |
| Income tax payable | | 76,469 | - |
| | | <u>3,200,618</u> | <u>2,476,724</u> |
| Non-current liabilities | | | |
| Lease liabilities | 15 | <u>64,727</u> | <u>171,249</u> |
| Total liabilities | | <u>3,265,345</u> | <u>2,647,973</u> |
| Shareholders' equity | | | |
| Share capital | 17 | 117,057,236 | 117,057,236 |
| Contributed surplus | | 4,347,624 | 4,347,624 |
| Deficit | | (103,362,050) | (101,642,301) |
| Other components of equity | | <u>854,674</u> | <u>1,131,956</u> |
| Equity attributable to owners of the Company | | 18,897,484 | 20,894,515 |
| Non-controlling interests | 19 | <u>842,655</u> | <u>779,939</u> |
| Total equity | | <u>19,740,139</u> | <u>21,674,454</u> |
| Total equity and liabilities | | <u>23,005,484</u> | <u>24,322,427</u> |

Approved by the Board of Directors

/s/ "Sandy Chim" Director
Date: June 27, 2023

/s/ "John Gravelle" Director
Date: June 27, 2023

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

Century Global Commodities Corporation

Consolidated Statements of Loss

For the year ended March 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

| | | Years ended March 31, | |
|---|-------|-----------------------|--------------------|
| | Notes | 2023 | 2022 |
| | | \$ | \$ |
| Revenue | 7, 20 | 11,258,530 | 8,718,428 |
| Cost of sales | | <u>(8,069,970)</u> | <u>(6,518,562)</u> |
| Gross profit | | 3,188,560 | 2,199,866 |
| Other income | 21 | 361,314 | 218,859 |
| Selling expenses | | (738,235) | (642,917) |
| Administrative expenses | 22 | (4,102,638) | (4,166,687) |
| Project maintenance costs | | (56,858) | (272,930) |
| Share-based compensation expenses | 18 | (72,494) | (84,335) |
| Gain/(loss) on foreign exchange | | (68,472) | 1,506 |
| Interest expense | | <u>(9,962)</u> | <u>(14,060)</u> |
| Loss before tax | | (1,498,785) | (2,760,698) |
| Income tax expense | 23 | <u>(124,925)</u> | <u>(10,538)</u> |
| Net loss for the year | | <u>(1,623,710)</u> | <u>(2,771,236)</u> |
| Attributable to: | | | |
| Owners of the Company | | (1,686,426) | (2,698,074) |
| Non-controlling interests | | <u>62,716</u> | <u>(73,162)</u> |
| | | <u>(1,623,710)</u> | <u>(2,771,236)</u> |
| Net loss per share attributable to owners of the Company | | | |
| – Basic and diluted | 24 | <u>(0.02)</u> | <u>(0.03)</u> |
| Weighted average number of shares outstanding | | <u>98,504,571</u> | <u>98,504,571</u> |

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

Century Global Commodities Corporation
Consolidated Statements of Comprehensive Loss
For the year ended March 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

| | Years ended March 31, | |
|---|------------------------------|--------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Net loss for the year | <u>(1,623,710)</u> | <u>(2,771,236)</u> |
| Other comprehensive income/(loss) | | |
| Exchange gain/(loss) on translation of operations in other currencies | 425,221 | (55,656) |
| Changes in fair value of investment in equity instruments at FVTOCI | <u>(808,320)</u> | <u>(270,141)</u> |
| Other comprehensive loss for the year | <u>(383,099)</u> | <u>(325,797)</u> |
| Total comprehensive loss for the year | <u>(2,006,809)</u> | <u>(3,097,033)</u> |
| Attributable to: | | |
| Owners of the Company | (2,069,525) | (3,023,871) |
| Non-controlling interests | <u>62,716</u> | <u>(73,162)</u> |
| | <u>(2,006,809)</u> | <u>(3,097,033)</u> |

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

Century Global Commodities Corporation
Consolidated Statements of Changes in Equity
For the year ended March 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

| | Attributable to owners of the Company | | | | | | Non-controlling interests | Total |
|--|---------------------------------------|---------------------|----------------------|----------------------------------|-------------------------------|--------------------------------------|---------------------------|-------------------|
| | Share capital | Contributed surplus | Deficit | Share-based compensation reserve | Investment fair value reserve | Foreign currency translation reserve | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance – March 31, 2022 | 117,057,236 | 4,347,624 | (101,642,301) | 2,148,121 | 135,609 | (1,151,774) | 779,939 | 21,674,454 |
| Net profit/(loss) for the year | - | - | (1,686,426) | - | - | - | 62,716 | (1,623,710) |
| Other comprehensive income/(loss) for the year | - | - | - | - | (808,320) | 425,221 | - | (383,099) |
| Total comprehensive income/(loss) for the year | - | - | (1,686,426) | - | (808,320) | 425,221 | 62,716 | (2,006,809) |
| Disposal of marketable securities (note 8) | - | - | (33,323) | - | 33,323 | - | - | - |
| Equity-settled share-based compensation arrangements (note 18) | - | - | - | 72,494 | - | - | - | 72,494 |
| Balance – March 31, 2023 | 117,057,236 | 4,347,624 | (103,362,050) | 2,220,615 | (639,388) | (726,553) | 842,655 | 19,740,139 |

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

Century Global Commodities Corporation
Consolidated Statements of Changes in Equity
For the year ended March 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

| | Attributable to owners of the Company | | | | | | Non-controlling interests | Total |
|--|---------------------------------------|---------------------|----------------------|----------------------------------|-------------------------------|--------------------------------------|---------------------------|-------------------|
| | Share capital | Contributed surplus | Deficit | Share-based compensation reserve | Investment fair value reserve | Foreign currency translation reserve | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance – March 31, 2021 | 117,057,236 | 3,104,778 | (99,016,263) | 2,063,786 | 477,786 | (1,096,118) | 210,650 | 22,801,855 |
| Net loss for the year | - | - | (2,698,074) | - | - | - | (73,162) | (2,771,236) |
| Other comprehensive loss for the year | - | - | - | - | (270,141) | (55,656) | - | (325,797) |
| Total comprehensive loss for the year | - | - | (2,698,074) | - | (270,141) | (55,656) | (73,162) | (3,097,033) |
| Disposal of marketable securities (note 8) | - | - | 72,036 | - | (72,036) | - | - | - |
| Contribution by non-controlling interests | - | 1,242,846 | - | - | - | - | 642,451 | 1,885,297 |
| Equity-settled share-based compensation arrangements (note 18) | - | - | - | 84,335 | - | - | - | 84,335 |
| Balance – March 31, 2022 | 117,057,236 | 4,347,624 | (101,642,301) | 2,148,121 | 135,609 | (1,151,774) | 779,939 | 21,674,454 |

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

Century Global Commodities Corporation
Consolidated Statements of Cash Flows
For the year ended March 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

| Cash generated by/(used in) | Notes | Years ended March 31, | |
|--|--------|-----------------------|--------------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Operating activities | | | |
| Loss before tax | | (1,498,785) | (2,760,698) |
| Adjustments for | | | |
| Bank and other interest income | | (98,116) | (49,195) |
| Loss/(gain) on foreign exchange | | 68,472 | (1,506) |
| Depreciation | 12, 13 | 45,954 | 62,914 |
| Amortization of right-of-use assets | | 211,545 | 206,185 |
| Share-based compensation arrangements | 18 | 72,494 | 84,335 |
| Inventories written off | | 24,579 | 10,426 |
| Changes in working capital items | | | |
| Decrease/(increase) in trade and other receivables | | (376,556) | 127,554 |
| Increase in sales taxes and other taxes recoverable | | (57,272) | (106,637) |
| Decrease/(increase) in prepayments and deposits | | 108,804 | (81,582) |
| Decrease/(increase) in inventories | | (1,208,049) | 266,164 |
| Increase/(decrease) in trade and other payables | | 653,314 | (24,944) |
| Increase/(decrease) in sales taxes and other taxes payable | | 92,503 | (114,597) |
| Net cash used in operating activities | | <u>(1,961,113)</u> | <u>(2,381,581)</u> |
| Investing activities | | | |
| Bank and other interest received | | 98,116 | 49,195 |
| Short term bank deposits retrieved | | 1,080,222 | 1,179,681 |
| Marketable securities purchased | | (92,803) | (20,393) |
| Proceeds from sale of marketable securities | | 82,033 | 193,796 |
| Additions of exploration and evaluation assets | 11 | (1,290,899) | (1,995,487) |
| Investment tax credits received | | 86,050 | - |
| Purchases of property, plant and equipment | 12 | (4,998) | (10,443) |
| Proceeds from a finance lease arrangement | | - | 37,525 |
| Net cash used in investing activities | | <u>(42,279)</u> | <u>(566,126)</u> |
| Financing activities | | | |
| Principal payment of lease liabilities | | (215,270) | (223,029) |
| Net subscriptions received for JDI's private placement financing | 25 | - | 1,885,297 |
| Net cash generated by/(used in) financing activities | | <u>(215,270)</u> | <u>1,662,268</u> |
| Net change in cash and cash equivalents | | <u>(2,218,662)</u> | <u>(1,285,439)</u> |
| Cash and cash equivalents – Beginning of year | | 4,157,342 | 5,514,809 |
| Effect of foreign exchange rate changes, net | | <u>266,024</u> | <u>(72,028)</u> |
| Cash and cash equivalents – End of year | | <u>2,204,704</u> | <u>4,157,342</u> |
| Analysis of cash and cash equivalents | | | |
| Cash in bank and on hand | | <u>2,204,704</u> | <u>4,157,342</u> |

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

Century Global Commodities Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

1. General information

Century Global Commodities Corporation (the “Company”) is a limited liability company incorporated in Canada. In February 2016, the Company completed the continuation of its jurisdiction of incorporation from Canada to the Cayman Islands (“Continuation”). Its registered address is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s shares are traded on the Toronto Stock Exchange (“TSX”).

The Company is a diversified company and primarily engages in exploration and mining activities with assets in the Provinces of Newfoundland and Labrador, and Québec, Canada. It also has operations in the distribution of food in Hong Kong.

These audited consolidated financial statements were approved by the Board of Directors for issue on June 27, 2023.

2. Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (the “Group”) have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 6.

Liquidity risk

The Group’s ability to continue its operating activities in the long-term is dependent upon attaining profitable operations, and the ability to raise public equity or other financing. As the Group recorded net loss for the year of \$1,623,710 (2022: \$2,771,236), carried an accumulated deficit of \$103,362,050 (2022: \$101,642,301), and used net cash of \$1,961,113 (2022: \$2,381,581) in operating activities, the Group’s operations may not generate sufficient cash flow to fund obligations. The Group may need to take additional measures to increase its liquidity and capital resources, including obtaining additional debt or equity financing, pursuing joint-venture arrangements, or other financing arrangements. The Group may experience difficulty in obtaining satisfactory financing terms and failure to obtain adequate financing on satisfactory terms could have a material adverse effect on the Group’s results of operations or financial condition. There can be no assurance that the Group will be able to obtain additional financing.

3. Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention. These consolidated financial statements are presented in the Canadian Dollar, which is the Group’s presentation currency.

Century Global Commodities Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

Principles of consolidation

The financial statements of the Group consolidate the accounts of the Company and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests (“NCI”). Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the NCI even if this results in the NCI having a deficit balance.

At the balance sheet date, the primary entities of the Group include:

| Name of entity | Place of business / Country of incorporation | Ownership interest held by the Group % | Ownership interest held by NCI % | Principal activities |
|---|--|--|----------------------------------|--|
| Century Iron Ore Holdings Inc. | Canada | 100% | - | Investment holding |
| Labec Century Iron Ore Inc. | Canada | 100% | - | Investment holding |
| Joyce Direct Iron Inc. | Canada | 91.6% | 8.4% | Exploration and mining of mineral property |
| Century Sunny Lake Iron Mines Limited | Canada | 100% | - | Exploration and mining of mineral property |
| Century Duncan Mining Inc. | Canada | 100% | - | Exploration and mining of mineral property |
| Trudeau Metals Inc. | Canada | 100% | - | Exploration and mining of mineral property |
| Century Iron Mines Hong Kong Holdings Limited | Hong Kong, China | 100% | - | Investment holding |
| Century Food International Holdings Limited (“CFIHL”) | British Virgin Islands | 85% | 15% | Investment holding |
| Century Food Company Limited (“CFCL”) | Hong Kong, China | 85% | 15% | Distribution of food |
| Century Trading (Wuhan) Company Limited | Mainland China | 100% | - | Property holding |

Century Global Commodities Corporation

Notes to the Consolidated Financial Statements

March 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

Translation of foreign currency

Items included in the financial statements of the Company and each of the Company's subsidiaries is measured using the currency of the primary economic environment in which each entity operates (the functional currency). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the profit or loss.

Assets and liabilities of entities with functional currencies other than the Canadian Dollar are translated into the presentation currency at the period end rates of exchange, and the results of their operations are translated at the average rates of exchange for the period. The resulting translation adjustments are recognized in other comprehensive income.

During the year, the functional currency is the Canadian Dollar for the Company's subsidiaries in Canada, the Hong Kong Dollar for the Company and its subsidiaries in Hong Kong and British Virgin Islands, and the Chinese Yuan for the Company's subsidiaries in mainland China.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits held at banks that are readily convertible to known amounts of cash, subject to an insignificant risk of changes in value and with an original maturity of three months or less.

Short term bank deposits

Short term bank deposits include short term deposits with banks with original maturities at purchase date of one year or less, but more than three months.

Financial instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liabilities is discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount is recorded in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle on a net basis, or realize the asset and settle the liability simultaneously.

Financial assets

(a) Classification

The Group classifies its financial assets as those to be measured at amortized cost and those to be measured subsequently at fair value. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group

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has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVTOCI”).

The Group has elected to designate its investments in marketable securities and other equity instruments at FVTOCI as the investments are intended to be held for the foreseeable future.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

(i) Debt instruments: The Group’s debt instruments comprise cash, short term bank deposits and trade and other receivables. They are assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are subsequently measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss. Impairment losses are presented as separate line item in the statement of profit or loss.

(ii) Equity instruments: The Group’s investments in marketable securities and other equity instruments are designated at FVTOCI. Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investment fair value reserve, and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings. Dividends from such investments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(c) Impairment

The Group recognizes a loss allowance for expected credit losses (“ECL”) on financial assets which are subject to impairment under IFRS 9 (including trade and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, twelve-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within twelve months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group records lifetime ECL for its trade receivables. For the Group’s other receivables, the Group records a twelve-month ECL unless a significant increase in credit risk since initial recognition has occurred, at which point the Group will measure the loss allowance at lifetime ECL.

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Financial liabilities

Financial liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. The Group's financial liabilities are trade and other payables and classified as current liabilities. They are not discounted due to their short-term nature.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories is determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Exploration and evaluation expenditures

Direct and indirect acquisition and exploration expenditures associated with mineral exploration properties are capitalized when incurred. During the exploration period, exploration and evaluation expenditures are not amortized.

Exploration and evaluation assets are stated at cost, less provision for impairment.

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets will be transferred to and classified as mineral property development expenditures. Exploration and evaluation assets shall be assessed for impairment before such reclassification.

Tax credits and mining credits on duties

The Group is entitled to a refundable credit on duties under the Mining Tax Act. This refundable credit on duties is applicable on exploration costs incurred in the Province of Quebec. Tax credits and mining credits on duties are recognized as a reduction of the mineral exploration and evaluation assets during the period in which the costs are incurred, provided that the Group is reasonably certain the amounts will be received. The tax credits and mining credits on duties claimed and recorded must be examined and approved by the government authorities so it is possible that the amount granted will differ from the amount recorded. The differences are recognized in exploration and evaluation assets.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. 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 Group and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the profit or loss during the period in which they are incurred.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method over the estimated useful lives of the assets. The assets' useful lives are as follows:

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| | |
|--|-------------|
| Drilling and field equipment | 3 - 5 years |
| Camp and properties | 5 years |
| Leasehold improvements, Furniture and fixtures | 5 years |
| Computer and office equipment | 2 - 5 years |
| Vehicles | 5 years |

Residual values, method of amortization and useful lives of assets are reviewed at least annually and adjusted if appropriate.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment losses. The Group's investment property is depreciated on a straight-line basis over its leasehold term of 35 years.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. At the commencement date of the lease, the Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

(a) Right-of-use assets

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses.

Right-of-use assets are amortized over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is amortized over the useful life of the underlying asset. The amortization starts at the commencement date of the lease.

The Group applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

(b) Lease liabilities

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The carrying amount of a lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of storage facilities (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Group has rented out its investment property under an operating lease arrangement. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Asset impairment

(a) Exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when facts or circumstances suggest that the carrying value of an exploration and evaluation asset may exceed its recoverable amount. One or more of the following facts and circumstances may indicate that an entity should test exploration and evaluation assets for impairment; (i) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed, (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, (iii) exploration for an evaluation of mineral resources

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in the 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, (iv) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be fully recovered from successful development or by sale.

(b) Property, plant and equipment, investment property and right-of-use assets

The Group's management performs impairment tests on property, plant and equipment, investment property and right-of-use assets when events or circumstances indicate that an asset may be impaired.

Where an indication of impairment exists, management makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount through a charge to profit or loss. When the asset does not generate cash flows that are independent from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized in profit or loss immediately.

Provisions

Provisions are recognized in other liabilities when: the Group has a present legal or constructive obligation as a result of a past event; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount of the obligation 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. Any increase in the provision due to the passage of time is recognized as a finance cost.

Share-based compensation expenses and reserve

The Group operates share-based compensation plans for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Directors, officers, employees, consultants and other eligible persons receive remuneration in the form of share-based payment transactions, whereby the eligible persons render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge to the profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other vesting conditions are satisfied.

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Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally. Where an equity-settled award expires, the equity amount is released to retained earnings.

Income taxes

Income taxes comprise current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case the income taxes are also recognized directly in equity.

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

Deferred tax is recognized in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted on the reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they related 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. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss, and differences relating to investments in subsidiaries and jointly controlled entities where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference would not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Sales taxes

The Group's sales taxes comprise goods and services tax ("GST"), harmonized sales tax ("HST") and Quebec sales tax ("QST"). Revenues, expenses and assets are recognized net of the amount of sales taxes, unless the sales taxes incurred are not recoverable from the relevant taxation authorities. In this case, they are recognized as part of the cost of the acquisition of the asset or as part of an item of the expense.

The net amount of sales taxes recoverable from or payable to, the relevant taxation authorities is presented as sales taxes recoverable or payable in the consolidated statement of financial position.

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Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer. The Group's revenue arises from the distribution of food.

The Group distributes food products to wholesalers and retailers. Each contract with a customer generally includes one performance obligation. Sales are recognized at a point in time when control of the goods has transferred to the customer, being when the goods are delivered to the customer, the customer has full discretion over the use of the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Transaction price of the contract with customers is generally fixed and agreed upon prior to delivery of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Certain customers of the Group are entitled to volume discounts based on aggregate sales over a year. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are generally made with a credit term of 30 to 60 days, which is consistent with market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. The Group does not adjust any of the transaction prices for the time value of money.

Net earnings (loss) per share

Basic net earnings (loss) per share is calculated by dividing net earnings (loss) attributable to the shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted net earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding for the effects of all dilutive potential common shares from the assumed exercise of common share purchase options and warrants.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. Changes in accounting policies

The Group applies, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after April 1, 2022. The nature and effect of the changes that result from the adoption of these new standards are described below. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

Amendments to IFRS 3: Reference to the Conceptual Framework

Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no business combinations that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

Amendment to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. Since the Group does not have any sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

Amendment to IAS 37: Onerous Contracts — Cost of Fulfilling a Contract

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as

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contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group

Annual Improvements to IFRSs 2018-2020: Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows: *IFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 April 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

5. New standards and interpretations issued but not yet effective

The following standards have been issued but are not yet effective.

Amendments to IFRS 10 and IAS 28 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 March 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 April 2019). Earlier application permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current (the "2020 Amendments")

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a

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right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the IASB issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 April 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting Policies*

Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after April 1, 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8: *Definition of Accounting Estimates*

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after April 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from Single Transaction*

Amendments to IAS 12 narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after April 1, 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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6. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future that are believed to be reasonable under the circumstances. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events. The following are the estimates and judgments applied by management that most significantly affect the Group's financial statements.

(i) Valuation of exploration and evaluation assets

The Group carries its exploration and evaluation assets at cost less provision for impairment. The Group reviews the carrying value of its exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may not be recoverable, based on IFRS 6 *Exploration for and Evaluation of Mineral Resources* and IAS 36 *Impairment of Assets*. In undertaking this review, management is required to make significant estimates of, amongst other things, future production and sale values, unit sales prices, future operating and capital costs and reclamation costs to the end of the mine's life. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying value of the exploration and evaluation assets. In the event that the prospects for the development of the investment project and the mineral projects are enhanced in the future, an assessment of the recoverable amount of the projects will be performed at that time, which may lead to a reversal of part or all of the impairment that has been recognized.

7. Segment information

The Group's operating segments are as follows:

- (i) the mining segment, which engages in the exploration and development of mineral projects in Canada and the investment in global mining securities;
- (ii) the food segment, which engages in the distribution of food in Hong Kong; and
- (iii) the corporate segment, which mainly represents the Group's corporate and managerial functions.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. In measuring segment performance, segment assets and segment liabilities, management applied certain judgments and assumptions to determine the appropriate allocation of certain centrally incurred costs, jointly used or shared assets and liabilities for individual segment. However, the Group's financing activities (including cash and cash equivalents, short term bank deposits and bank interest income) are managed on a Group basis and are presented under the corporate segment.

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The following tables present information for the Group's operating segments for the years ended March 31, 2023 and 2022, respectively.

| For the year ended March 31, 2023 | Mining | Food | Corporate | Total |
|--|---------------|-------------|------------------|--------------|
| | \$ | \$ | \$ | \$ |
| <u>Segment revenue</u> | | | | |
| Revenue from contracts with customers: | | | | |
| Distribution of food | - | 11,258,530 | - | 11,258,530 |
| Sales to external customers | - | 11,258,530 | - | 11,258,530 |
| <u>Segment profit or loss</u> | | | | |
| Gross profit | - | 3,188,560 | - | 3,188,560 |
| Income and gains: | | | | |
| Interest income | 2,951 | - | 95,165 | 98,116 |
| Other income or gains | 1,350 | 175,037 | 86,811 | 263,198 |
| | 4,301 | 175,037 | 181,976 | 361,314 |
| Expenses: | | | | |
| Selling expenses | - | 738,235 | - | 738,235 |
| Salaries, pension and directors' fees | 465,316 | 1,452,872 | 683,708 | 2,601,896 |
| Consulting and professional fees | 208,670 | 77,431 | 367,169 | 653,270 |
| Corporate promotion and listing fees | 25,794 | - | 105,487 | 131,281 |
| Other administrative expenses | 292,104 | 279,441 | 144,646 | 716,191 |
| Project maintenance costs | 56,858 | - | - | 56,858 |
| Share-based compensation expenses | 18,529 | - | 53,965 | 72,494 |
| Loss on foreign exchange | - | 49,989 | 18,483 | 68,472 |
| Interest expense | 4,988 | - | 4,974 | 9,962 |
| | 1,072,259 | 2,597,968 | 1,378,432 | 5,048,659 |
| Profit/(loss) before tax | (1,067,958) | 765,629 | (1,196,456) | (1,498,785) |
| Income tax expense | - | (124,925) | - | (124,925) |
| Profit/(loss) for the year | (1,067,958) | 640,704 | (1,196,456) | (1,623,710) |
| <u>Segment assets</u> | | | | |
| Total assets | 11,232,951 | 4,500,199 | 7,272,334 | 23,005,484 |
| <u>Segment liabilities</u> | | | | |
| Total liabilities | 1,102,310 | 1,478,601 | 684,434 | 3,265,345 |
| <u>Other segment information</u> | | | | |
| Depreciation & amortization | 119,686 | 114,548 | 23,265 | 257,499 |
| Capital expenditure | 1,290,899 | 3,767 | 1,231 | 1,295,897 |

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| For the year ended March 31, 2022 | Mining \$ | Food \$ | Corporate \$ | Total \$ |
|--|--------------|------------|-----------------|-------------|
| <u>Segment revenue</u> | | | | |
| Revenue from contracts with customers: | | | | |
| Distribution of food | - | 8,718,428 | - | 8,718,428 |
| Sales to external customers | - | 8,718,428 | - | 8,718,428 |
| <u>Segment profit or loss</u> | | | | |
| Gross profit | - | 2,199,866 | - | 2,199,866 |
| Income and gains: | | | | |
| Interest income | 423 | - | 48,772 | 49,195 |
| Other income or gains | 33,993 | 109,853 | 25,818 | 169,664 |
| | 34,416 | 109,853 | 74,590 | 218,859 |
| Expenses: | | | | |
| Selling expenses | - | 642,917 | - | 642,917 |
| Salaries, pension and directors' fees | 481,089 | 1,369,995 | 607,693 | 2,458,777 |
| Consulting and professional fees | 698,514 | 24,245 | 334,506 | 1,057,265 |
| Corporate promotion and listing fees | 54,303 | - | 38,416 | 92,719 |
| Other administrative expenses | 157,094 | 240,182 | 160,650 | 557,926 |
| Project maintenance costs | 272,930 | - | - | 272,930 |
| Share-based compensation expenses | 73,186 | - | 11,149 | 84,335 |
| Loss/(gain) on foreign exchange | 516 | 29,250 | (31,272) | (1,506) |
| Interest expense | 5,180 | - | 8,880 | 14,060 |
| | 1,742,812 | 2,306,589 | 1,130,022 | 5,179,423 |
| Profit/(loss) before tax | (1,708,396) | 3,130 | (1,055,432) | (2,760,698) |
| Income tax expense | - | (10,538) | - | (10,538) |
| Loss for the year | (1,708,396) | (7,408) | (1,055,432) | (2,771,236) |
| <u>Segment assets</u> | | | | |
| Total assets | 10,727,731 | 3,307,011 | 10,287,685 | 24,322,427 |
| <u>Segment liabilities</u> | | | | |
| Total liabilities | 826,047 | 669,705 | 1,152,221 | 2,647,973 |
| <u>Other segment information</u> | | | | |
| Depreciation & amortization | 132,992 | 111,674 | 24,433 | 269,099 |
| Capital expenditure | 1,993,509 | 4,547 | 5,896 | 2,003,952 |

Included in the revenue of the Group's food segment is revenue of \$5,339,848 (2022: \$4,414,764) which was derived from sales to three (2022: three) major external customers. Revenue contributed by each of the major customers of the Group in descending order of value were \$2,370,699, \$1,693,227 and \$1,275,922 (2022: \$1,560,989, \$1,450,541 and \$1,403,234).

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The Group operates in two principal geographical areas – Canada and China (including Hong Kong). The following table presents information for the Group’s geographical segments for the years ended March 31, 2023 and 2022, respectively.

| | Canada \$ | China \$ | Total \$ |
|-----------------------------|--------------|-------------|-------------|
| Sales to external customers | | | |
| Year ended March 31, 2023 | - | 11,258,530 | 11,258,530 |
| Year ended March 31, 2022 | - | 8,718,428 | 8,718,428 |
| Non-current assets | | | |
| March 31, 2023 | 10,489,652 | 955,088 | 11,444,740 |
| March 31, 2022 | 9,375,523 | 1,139,898 | 10,515,421 |

8. Financial assets at fair value through other comprehensive income

Financial assets at FVTOCI comprise marketable securities and other equity investments. During the year, the Group invested in certain equity securities in Canada, Australia and Hong Kong. The Group has elected to designate these investments as at FVTOCI.

An analysis of financial assets at FVTOCI as at the balance sheet date is as follows:

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
| <u>Financial assets at FVTOCI</u> | | |
| Listed equity securities – Canada and Australia, at fair value | 461,671 | 1,175,534 |
| Unlisted equity securities – Hong Kong, at fair value | 67,362 | 62,168 |

During the year, the Group sold certain Canadian listed equity securities as these investments no longer coincided with the Group’s investment strategy. At disposal, the fair value of the investments was \$82,033 (2022: \$193,796), and a cumulative loss of \$33,323 (2022: gain of \$72,036) was transferred to deficit.

During the year, the following gains or losses were recognized in profit or loss and other comprehensive income:

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| Losses recognized in other comprehensive income | (808,320) | (270,141) |

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9. Trade and other receivables

| | 2023 \$ | 2022 \$ |
|-----------------------|------------------|------------------|
| Trade receivables (i) | 1,877,009 | 1,574,076 |
| Other receivables | 177,009 | 103,386 |
| | <u>2,054,018</u> | <u>1,677,462</u> |
| Classified as: | | |
| Current assets | <u>2,054,018</u> | <u>1,677,462</u> |

Due to the short-term nature of trade and other receivables, their carrying amount is considered to be the same as their fair value.

(i) Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

| | Current \$ | Past due less than 6 months \$ | Past due 6 months to less than 1 year \$ | Past due over 1 year \$ | Total \$ |
|-----------------------------|---------------|---|--|----------------------------------|-------------|
| <u>As at March 31, 2023</u> | | | | | |
| Expected credit loss rate | 0% | 0% | 0% | 100% | |
| Gross carrying amount | 1,026,190 | 766,599 | 81,374 | 4,946 | 1,879,109 |
| Expected credit losses | - | - | - | (4,946) | (4,946) |
| <hr/> | | | | | |
| <u>As at March 31, 2022</u> | | | | | |
| Expected credit loss rate | 0% | 0% | 0% | 100% | |
| Gross carrying amount | 789,901 | 708,760 | 75,415 | 1,038 | 1,575,114 |
| Expected credit losses | - | - | - | (1,038) | (1,038) |
| <hr/> | | | | | |

10. Inventories

| | 2023 \$ | 2022 \$ |
|-----------------------------------|------------------|------------------|
| Trading merchandise held for sale | <u>2,532,943</u> | <u>1,349,473</u> |

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11. Exploration and evaluation assets

| | Joyce Lake and other iron ore properties \$ | Other non- ferrous properties \$ | Total \$ |
|--------------------------|--|---|-------------|
| Balance – March 31, 2021 | 6,927,177 | 112,544 | 7,039,721 |
| Additions | 1,957,386 | 133,801 | 2,091,187 |
| Investment tax credits | - | (95,700) | (95,700) |
| Balance – March 31, 2022 | 8,884,563 | 150,645 | 9,035,208 |
| Additions | 1,286,336 | 4,563 | 1,290,899 |
| Investment tax credits | - | (78,017) | (78,017) |
| Balance – March 31, 2023 | 10,170,899 | 77,191 | 10,248,090 |

The Company's iron ore properties comprise five major properties, namely the Joyce Lake property, the Hayot Lake property, the Black Bird property, the Full Moon property and the Duncan Lake property. As of March 31, 2023, the Company has a 91.6% interest in the Joyce Lake property, 100% interest the Hayot Lake property, the Black Bird property and the Full Moon property, and a 68% registered interest in the Duncan Lake property.

The Joyce Lake property

The Joyce Lake property is a direct shipping ore (“DSO”) project. It is located in Newfoundland and Labrador, approximately 20 kilometres from the town of Schefferville, Québec.

The Hayot Lake property

The Hayot Lake property is a taconite deposit located approximately 23 kilometres northwest of the Joyce Lake DSO project and 22 kilometres north of the town of Schefferville, Québec.

The Black Bird property

The Black Bird DSO deposit is located 65 kilometres northwest of Schefferville, Québec and approximately 50 kilometres from the Joyce Lake DSO project in Labrador.

The Full Moon property

Full Moon is a taconite project located approximately 80 kilometres northwest of the town of Schefferville, Québec.

Acquisition of the Attikamagen and the Sunny Lake properties

The Joyce Lake DSO project and the Hayot Lake taconite project were formerly collectively known as the Attikamagen properties, while the Black Bird DSO project and the Full Moon taconite project were formerly collectively known as the Sunny Lake properties. Prior to the completion of the Acquisition, the Group's interests in the Attikamagen properties were held through Labec Century, a joint venture company in which the Group had an ownership of 60%, with the other 40% owned by WISCO Canada ADI Resources Development & Investment Limited (“WISCO ADI”). Labec Century had a 100% registered interest in the

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Attikamagen properties. The Group also had an 81.1% interest in the Sunny Lake properties and a 60% shareholding in Century Sunny Lake, the operating company of the Sunny Lake joint venture with WISCO ADI.

On November 19, 2020, the Group completed the acquisition from WISCO ADI of WISCO ADI's joint venture interests in the Attikamagen and the Sunny Lake properties (the "Acquisition"). As a result of the completion of the Acquisition, the Company became the owner of a 100% interest in each of these projects through its wholly-owned subsidiaries. The Group's joint venture agreements on the Attikamagen and the Sunny Lake properties with WISCO ADI were also terminated. The Group's interest in Joyce Lake property was subsequently reduced to 91.6% upon the completion of private placements in May and October 2021 and a conversion of certain performance preferred shares in May 2021. For details, please refer to notes 19 and 25.

Duncan Lake property

The Duncan Lake property is a magnetite deposit located in the James Bay area approximately 50 kilometres south of Radisson, Québec.

On May 20, 2008, the Company's wholly-owned subsidiary Canadian Century Iron Ore Corporation ("Canadian Century") entered into an option and joint venture agreement (the "Augyva Agreement") with Augyva Mining Resources Inc. to have an option to obtain a 51% interest in the Duncan Lake property once \$6.0 million has been funded on or before the fourth anniversary of the date of the Augyva Agreement, and an additional option to obtain a further 14% of the property by spending an additional \$14.0 million in exploration costs, construction, and/or operating costs or completing a feasibility report on or before the eighth anniversary of the date of the Augyva Agreement. The Company has completed the funding and spending requirements and obtained a 65% registered interest in the property. In July 2020, the Group has completed the registration of an additional 3% interest as a result of its contribution to the exploration expenditure incurred to the property.

Impairment assessment of iron ore properties

At March 31, 2016, with the weakening iron ore market condition, an impairment review was performed on both the Duncan Lake property and Sunny Lake properties, and the review has resulted in impairment charges of \$17,494,260 and \$3,160,465 to the Duncan Lake property and Sunny Lake properties, respectively. After the impairment charges, the net book value of both properties became nil. Further details about the assumptions and conditions pertaining to the impairment review are provided in note 15 of the audited consolidated annual financial statements for the year ended March 31, 2016.

At March 31, 2023, there have been no indicators of impairment. In the event that the prospects for the development of the mineral projects are enhanced in the future, an assessment of the recoverable amount of the projects will be performed at that time, which may lead to a reversal of part or all of the impairment that has been recognized.

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12. Property, plant and equipment

| | Land | Drilling & field equipment | Camp and properties | Leasehold improvements, furniture & fixtures | Computer & office equipment | Vehicles | Total |
|--|---------|----------------------------|---------------------|--|-----------------------------|----------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <u>Cost</u> | | | | | | | |
| Balance - March 31, 2021 | 137,177 | 745,977 | 996,081 | 230,088 | 323,005 | 39,668 | 2,471,996 |
| Additions | - | - | - | 1,643 | 8,800 | - | 10,443 |
| Disposals | - | - | - | (339) | - | - | (339) |
| Exchange differences | - | - | - | (1,258) | (1,458) | - | (2,716) |
| Balance - March 31, 2022 | 137,177 | 745,977 | 996,081 | 230,134 | 330,347 | 39,668 | 2,479,384 |
| Additions | - | - | - | - | 4,998 | - | 4,998 |
| Disposals | - | - | - | - | (1,433) | - | (1,433) |
| Exchange differences | - | - | - | 7,756 | 9,502 | - | 17,258 |
| Balance - March 31, 2023 | 137,177 | 745,977 | 996,081 | 237,890 | 343,414 | 39,668 | 2,500,207 |
| <u>Accumulated depreciation and impairment</u> | | | | | | | |
| Balance - March 31, 2021 | 100,000 | 745,977 | 996,081 | 198,177 | 310,904 | 39,668 | 2,390,807 |
| Depreciation | - | - | - | 23,068 | 8,779 | - | 31,847 |
| Disposals | - | - | - | (339) | - | - | (339) |
| Exchange differences | - | - | - | (1,167) | (1,324) | - | (2,491) |
| Balance - March 31, 2022 | 100,000 | 745,977 | 996,081 | 219,739 | 318,359 | 39,668 | 2,419,824 |
| Depreciation | - | - | - | 6,062 | 9,183 | - | 15,245 |
| Disposals | - | - | - | - | (1,433) | - | (1,433) |
| Exchange differences | - | - | - | 7,281 | 8,753 | - | 16,034 |
| Balance - March 31, 2023 | 100,000 | 745,977 | 996,081 | 233,082 | 334,862 | 39,668 | 2,449,670 |
| <u>Net book value</u> | | | | | | | |
| Balance - March 31, 2023 | 37,177 | - | - | 4,808 | 8,552 | - | 50,537 |
| Balance - March 31, 2022 | 37,177 | - | - | 10,395 | 11,988 | - | 59,560 |

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13. Investment property

| | \$ |
|---------------------------------|-------------------------|
| <u>Cost</u> | |
| Balance – March 31, 2021 | 1,065,770 |
| Exchange differences | <u>27,816</u> |
| Balance – March 31, 2022 | 1,093,586 |
| Exchange differences | <u>394</u> |
| Balance – March 31, 2023 | <u><u>1,093,980</u></u> |
| <u>Accumulated depreciation</u> | |
| Balance – March 31, 2021 | 114,702 |
| Depreciation | 31,067 |
| Exchange differences | <u>3,238</u> |
| Balance – March 31, 2022 | 149,007 |
| Depreciation | 30,709 |
| Exchange differences | <u>669</u> |
| Balance – March 31, 2023 | <u><u>180,385</u></u> |
| <u>Net book value</u> | |
| Balance – March 31, 2023 | <u><u>913,595</u></u> |
| Balance – March 31, 2022 | <u><u>944,579</u></u> |

The Group's investment property is a commercial office premise located at Wuhan, China. Rental income derived from the Group's investment property amounted to \$38,259 (2022: \$25,802). Direct operating expenses arising from the investment property, which generated rental income during the year, amounted to \$1,179 (2022: \$5,005).

14. Trade and other payables

| | 2023 | 2022 |
|-----------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Trade payables (i) | 1,268,032 | 562,829 |
| Other payables and accruals | <u>956,542</u> | <u>1,008,431</u> |
| | <u><u>2,224,574</u></u> | <u><u>1,571,260</u></u> |

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

(i) Trade payables are non-interest bearing and are generally paid within 30 to 60 days.

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15. Leases

The Group as a lessor

The Group has entered into an operating lease on its investment property, as detailed in note 13, for a term of 1 year. As of March 31, 2023, undiscounted lease payments to be received within 1 year under the operating lease is \$17,376 (2022: \$42,520).

The Group as a lessee

During the year, the Group leased certain office and storage premises under operating leases for terms of 2 to 10 years. The right-of-use assets of these underlying building assets as of the balance sheet date are as follows:

| | 2023 | 2022 |
|------------------------------|-----------|-----------|
| | \$ | \$ |
| Right-of-use assets | | |
| <u>Net book value</u> | | |
| Balance at beginning of year | 366,532 | 125,204 |
| Additions on lease inception | - | 82,421 |
| Lease modifications | 1,985 | 368,589 |
| Amortization | (211,545) | (208,163) |
| Exchange differences | 8,184 | (1,519) |
| | <hr/> | <hr/> |
| Balance at end of year | 165,156 | 366,532 |

The Group's lease liabilities as of the balance sheet date is as follows:

| | 2023 | 2022 |
|--------------------------|---------|---------|
| | \$ | \$ |
| Lease liabilities | | |
| Within 1 year | 109,487 | 207,879 |
| Between 1 and 2 years | 7,367 | 106,520 |
| Between 2 and 3 years | 7,797 | 7,367 |
| More than 3 years | 49,563 | 57,362 |
| | <hr/> | <hr/> |
| | 174,214 | 379,128 |

Movement of lease liabilities during the year is as follows:

| | 2023 | 2022 |
|------------------------------|-----------|-----------|
| | \$ | \$ |
| Lease liabilities | | |
| Balance at beginning of year | 379,128 | 152,700 |
| Additions | - | 82,421 |
| Lease modifications | 1,985 | 368,589 |
| Accretion of interest | 11,994 | 14,331 |
| Lease payments | (227,264) | (237,360) |
| Exchange differences | 8,371 | (1,553) |
| | <hr/> | <hr/> |
| Balance at end of year | 174,214 | 379,128 |

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During the year, total cash outflows incurred for leases amounted to \$233,495 (2022: \$244,674). Interest expense of \$11,994 (2022: \$14,331) was incurred on lease liabilities. Lease expenses of short-term operating leases and low-value assets charged to profit or loss were nil and \$6,231 (2021: nil and \$7,314) respectively. There were no variable lease payments charged to profit or loss.

During the year, the Group entered into amendments to the lease agreements for an office premise which decreased the lease payments, resulting in lease modifications.

As of the balance sheet date, there were no commitment for short-term leases not accounted for as lease liabilities, and there were no material future cash outflows to which the Group is potentially exposed that are not reflected in the measurement of lease liabilities.

16. Deferred tax

| | 2023 | 2022 |
|---------------------|------|--------|
| | \$ | \$ |
| Deferred tax assets | | |
| Tax losses | - | 47,374 |

An analysis of deferred tax recognized in the consolidated financial statements and its movement during the year is as follows:

| | Tax losses |
|-------------------------------------|------------|
| | \$ |
| Deferred tax assets | |
| Balance – March 31, 2021 | 58,642 |
| Charged to profit or loss (note 23) | (10,538) |
| Exchange differences | (730) |
| | <hr/> |
| Balance – March 31, 2022 | 47,374 |
| Charged to profit or loss (note 23) | (50,112) |
| Exchange differences | 2,738 |
| | <hr/> |
| Balance – March 31, 2023 | - |

Significant components of the Group's deductible temporary differences or unused tax losses for which no deferred tax assets have been recognized are summarized below:

| | 2023 | 2022 |
|---|-------------|-------------|
| | \$ | \$ |
| Non-capital loss carry-forwards (expires between 2024 and 2043) | 51,863,748 | 46,547,095 |
| Investment tax credits (expires between 2030 and 2034) | 4,404,518 | 4,404,518 |
| Exploration and evaluation assets | 50,759,171 | 51,926,561 |
| | <hr/> | <hr/> |
| | 107,027,437 | 102,878,174 |

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize benefits therefrom.

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17. Share capital

Authorized

Prior to the Continuation, authorized share capital was unlimited number of common shares, with no par value. Upon the Continuation on February 1, 2016, authorized share capital was changed to 5,000,000,000 ordinary shares, with \$0.001 par value each.

Issued and fully paid

At March 31, 2023, the Company had 98,504,571 ordinary shares issued and outstanding, representing an amount of \$117,057,236. The changes in issued share capital for the year are as follows:

| | Number of shares | \$ |
|-----------------------------------|---------------------|-------------|
| Balance – March 31, 2022 and 2023 | 98,504,571 | 117,057,236 |

18. Share-based compensation arrangements

| | 2023 \$ | 2022 \$ |
|-----------------------|------------|------------|
| Share options expense | 72,494 | 84,335 |

The Group has adopted an equity incentive plan (the “Plan”) which is administered by the Board of Directors of the Group. The Plan provides that the Board of Directors of the Group may from time to time, at its discretion and in accordance with TSX requirements, grant to directors, officers, employees and consultants to the Group, options to purchase shares and other forms of equity-based incentive compensation, provided that the number of shares issued and reserved for issuance will not exceed 15% of the issued and outstanding shares.

Share options issued by the Company

Share options granted under the Plan are exercisable for a period of up to 5 years or 10 years from the date of grant. Options issued pursuant to the Plan will have an exercise price determined by the directors of the Group provided that the exercise price shall not be less than the price permitted by the TSX.

On June 25, 2021, the Company granted 150,000 share options to its consultants. The fair value of the options granted has been estimated at the date of grant using the Black-Scholes option pricing model, using the following assumptions: an average risk-free interest rate of 0.82%, dividend yield of 0%, volatility of 72.41% and an expected life of 10 years. All share options are fully vested upon grant. The fair value of the options granted based on the model is \$0.18 per unit.

On February 11, 2022, the Company granted 750,000 share options to its director and consultants. The fair value of the options granted has been estimated at the date of grant using the Black-Scholes option pricing model, using the following assumptions: an average risk-free interest rate of 0.75%, dividend yield of 0%, volatility of 70.25% and an expected life of 10 years. 500,000 share options are fully vested upon grant and the remaining 250,000 share options will be vested upon the completion of certain events. The fair value of the options granted based on the model is \$0.11 per unit.

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On June 24, 2022, the Company granted 800,000 share options to its director and consultants. The fair value of the options granted has been estimated at the date of grant using the Black-Scholes option pricing model, using the following assumptions: an average risk-free interest rate of 0.76%, dividend yield of 0%, volatility of 75.57% and an expected life of 10 years. 580,000 share options are vested. The fair value of the options granted based on the model is \$0.10 per unit.

The share options outstanding as of March 31, 2023 are as follows:

| | Number of options | Weighted average exercise price \$ |
|--------------------------|----------------------|--|
| Balance – March 31, 2021 | 11,592,500 | 0.29 |
| Granted | 900,000 | 0.18 |
| Forfeited | <u>(30,000)</u> | 0.30 |
| Balance – March 31, 2022 | 12,462,500 | 0.28 |
| Granted | <u>800,000</u> | 0.13 |
| Balance – March 31, 2023 | <u>13,262,500</u> | 0.27 |

The exercise prices and exercise periods of the share options outstanding as of March 31, 2023 are as follows:

| Number of options | Exercise price \$ | Exercise period |
|----------------------|----------------------|--|
| 4,067,500 | 0.345 | March 9, 2015 to March 8, 2025 |
| 300,000 | 0.345 | June 1, 2015 to May 31, 2025 |
| 100,000 | 0.345 | November 11, 2015 to November 10, 2025 |
| 195,000 | 0.345 | February 5, 2016 to February 4, 2026 |
| 3,240,000 | 0.22 | August 4, 2016 to August 3, 2026 |
| 650,000 | 0.345 | June 23, 2017 to June 22, 2027 |
| 3,040,000 | 0.25 | February 10, 2021 to February 9, 2031 |
| 120,000 | 0.30 | June 25, 2021 to June 24, 2031 |
| 750,000 | 0.15 | February 11, 2022 to February 10, 2032 |
| <u>800,000</u> | 0.13 | June 24, 2022 to June 23, 2032 |
| <u>13,262,500</u> | | |

As of the balance sheet date, the weighted average remaining contractual life of the outstanding share options is 4.7 years, and 12,222,500 options are vested and exercisable.

19. Partly-owned subsidiaries with material non-controlling interests

Details of the Group's subsidiaries that have material NCI are set out below:

| | 2023 | 2022 |
|--|-------------|-------------|
| Percentage of equity interest held by NCI on March 31: | | |
| CFIHL and CFCL | 15.0% | 15.0% |
| JDI | <u>8.4%</u> | <u>8.4%</u> |

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| | 2023 | 2022 |
|--|----------|----------|
| | \$ | \$ |
| Profit/(loss) for the year allocated to NCI: | | |
| CFIHL and CFCL | 116,177 | 6,077 |
| JDI | (53,461) | (79,239) |
| Dividends paid to NCI: | | |
| CFIHL and CFCL | - | - |
| JDI | - | - |
| Accumulated NCI: | | |
| CFIHL and CFCL | 332,904 | 216,727 |
| JDI | 509,751 | 563,212 |

On May 14 and October 1, 2021, JDI raised A\$2,000,000 (equivalent to \$1,909,142) and A\$100,000 (equivalent to \$91,655) respectively through completion of private placements (the “Private Placements”). Under the Private Placements, JDI issued an aggregate of 21,000,010 common shares to a group of private investors, resulting in the recognition of 8.4% NCI of JDI. For more information refer to note 25.

Set out below is summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations.

| | CFIHL and CFCL | | JDI | |
|--|----------------|--------|---------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Assets | | | | |
| Current assets | 5,672 | 4,114 | 375 | 719 |
| Non-current assets | 5 | 53 | 11,771 | 10,121 |
| Liabilities | | | | |
| Current liabilities | 3,358 | 2,758 | 4,660 | 3,075 |
| Non-current liabilities | - | - | 1 | 1 |
| Revenue | 11,259 | 8,718 | - | - |
| Net profit/(loss) for the year | 779 | 38 | (639) | (1,009) |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income/(loss) for the year | 779 | 38 | (639) | (1,009) |
| Cashflows from operating activities | 438 | 312 | 608 | 476 |
| Cashflows used in investing activities | (3) | (4) | (1,291) | (2,228) |
| Cashflows from/(used in) financing activities | (424) | - | 600 | 1,888 |
| Net change in cash and cash equivalents | 11 | 308 | (83) | 136 |

20. Revenue

During the year, the Group’s revenue arose from the distribution of food. An analysis of the Group’s revenue from contracts with customers by type of goods or services is provided in note 7. All of the Group’s sales revenue were derived from Hong Kong and Macau and were recognized according to accounting policy as described in note 3.

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21. Other income

| | 2023 \$ | 2022 \$ |
|--------------------------------|----------------|----------------|
| Marketing service income | 125,164 | 100,951 |
| Bank and other interest income | 98,116 | 49,195 |
| Rental income | 38,259 | 31,052 |
| Other income | 99,775 | 37,661 |
| | <u>361,314</u> | <u>218,859</u> |

22. Administrative expenses

| | 2023 \$ | 2022 \$ |
|---------------------------------------|------------------|------------------|
| Salaries, pension and directors' fees | 2,601,896 | 2,458,777 |
| Consulting and professional fees | 653,270 | 1,057,265 |
| General office expenses | 311,610 | 288,827 |
| Travel | 147,082 | - |
| Corporate promotion and listing fees | 131,281 | 92,719 |
| Depreciation and amortization | 257,499 | 269,099 |
| | <u>4,102,638</u> | <u>4,166,687</u> |

23. Income tax

| | 2023 \$ | 2022 \$ |
|---|----------------|---------------|
| Current tax | 74,813 | - |
| Deferred tax | | |
| Origination and reversal of temporary differences (note 16) | <u>50,112</u> | <u>10,538</u> |
| Income tax charge | <u>124,925</u> | <u>10,538</u> |

The Company's tax residency is in Hong Kong and is subject to income tax at Hong Kong applicable rate of 16.5%. Significant items causing the Group's effective income tax rate to differ from Hong Kong applicable rate of 16.5% (2022: 16.5%) are as follows:

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| | 2023 | 2022 |
|--|-------------|-------------|
| | \$ | \$ |
| Loss before income taxes | (1,498,785) | (2,760,698) |
| Expected income tax recovery at applicable rate | (247,300) | (455,515) |
| Different tax rates in other jurisdictions | (37,222) | (55,774) |
| Expenses not deductible for tax | 69,244 | 188,852 |
| Income not subject to tax | (82,212) | - |
| Tax concession and allowances | (36,159) | - |
| Tax losses and other deductible temporary differences not recognized | 528,154 | 483,679 |
| Utilization of tax losses | (69,580) | (150,704) |
| Income tax charge | 124,925 | 10,538 |

The Canadian and Hong Kong tax rates for the fiscal year 2023 are 26.50% (2022: 26.50%) and 16.5% (2022: 16.5%), respectively. The tax rates are different due to the different locations of each entity of the Group.

24. Net loss per share attributable to owners of the Company

The basic net loss per share calculated amount is the same as the fully diluted net loss per share amount as the Company's share-based compensation plans are anti-dilutive.

25. JDI's private placement financing

On May 14, 2021, the Company announced that its wholly owned subsidiary and special purpose vehicle, Joyce Direct Iron Inc. ("JDI") had raised A\$2.0 million through completion of a private placement (the "First Private Placement"). JDI was incorporated in the Province of British Columbia, Canada and was a 100% owner of the Joyce Lake DSO iron ore project (the "Project"). Under the First Private Placement, JDI issued an aggregate of 20,000,010 common shares at a price of A\$0.10 per share, to a group of private investors, for gross proceeds of A\$2.0 million (equivalent to \$1,909,142), reflecting a pre-money valuation of A\$20 million. A share issue cost of \$115,500 was charged to JDI for the First Private Placement.

On October 1, 2021, JDI raised A\$0.1 million through completion of a private placement (the "Second Private Placement"). Under the Second Private Placement, JDI issued an aggregate of 1,000,000 common shares at a price of A\$0.10 per share to private investors for gross proceeds of A\$0.1 million (equivalent to \$91,655).

26. Related party transactions

(a) In addition to transactions detailed elsewhere in the consolidated financial statements, the Group has the following related party transactions:

- (i) As of March 31, 2023, the Group had accounts receivable of \$81,276 (2022: \$79,759) from management for an advance for business purpose.

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(b) The remuneration of the Group's directors and officers during the year is summarized below:

| | 2023 \$ | 2022 \$ |
|-----------------------------------|------------------|------------------|
| Salaries and directors' fees | 1,219,250 | 1,207,400 |
| Share-based compensation expenses | 50,481 | 11,149 |
| | <u>1,269,731</u> | <u>1,218,549</u> |

27. Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk including interest rate risk, foreign currency exchange risk and capital market risk.

Risk management is carried out by the Group's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

The Group's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. As at March 31, 2023 and 2022, the Group's financial instruments are comprised of cash and cash equivalents, short term bank deposits, marketable securities, investment in other equity instruments, trade and other receivables, trade and other payables. With the exception of cash and cash equivalents, marketable securities and investment in other equity instruments, all other financial instruments of the Group are measured at amortized cost.

The following table shows the carrying values, fair values and fair value hierarchy of the Group's financial instruments that are measured at fair value as at March 31, 2023 and 2022:

| | | March 31, 2023 | | March 31, 2022 | |
|--|-------|-------------------------|------------------|-------------------------|------------------|
| | Level | Carrying value \$ | Fair value \$ | Carrying value \$ | Fair value \$ |
| Marketable securities | 1 | 461,671 | 461,671 | 1,175,534 | 1,175,534 |
| Investment in other equity instruments | 3 | 67,362 | 67,362 | 62,168 | 62,168 |
| | | <u>529,033</u> | <u>529,033</u> | <u>1,237,702</u> | <u>1,237,702</u> |

Fair values of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

Level 1 – Quoted market price in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities are not based on observable market data.

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The movements in fair value measurements within Level 3 are as follows:

| | 2023 | 2022 |
|-----------------------------|--------|----------|
| | \$ | \$ |
| Balance – Beginning of year | 62,168 | 75,297 |
| Exchange differences | 5,194 | (13,129) |
| | <hr/> | <hr/> |
| Balance – End of year | 67,362 | 62,168 |

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Group's credit risk is primarily attributable to cash, marketable securities and receivables. Cash and cash equivalents and short term bank deposits are held with major banks, and marketable securities are held with a reputable securities broker with investment guidelines set by management which are intended to limit credit risk. The Group's receivables mainly represented trade receivables arising from the Group's food distribution business in Hong Kong. Management believes the risk of loss to be minimal.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all trade receivables over one year past due because historical experience has indicated that these receivables are generally not recoverable. No provision has been made for trade receivables that are past due for less than one year as these receivables are generally recoverable based on historical experience.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Liquidity risk

The Group's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of March 31, 2023, the Group has cash and cash equivalents and short-term bank deposits of \$6,064,704 (2022: \$9,097,564) to settle current liabilities of \$3,200,618 (2022: \$2,476,724). Most of the Group's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms. The Group's objective for liquidity risk management is to maintain sufficient liquid financial resources to fund the consolidated balance sheets, pursue growth and development strategies, and to meet commitments and obligations in the most cost-effective manner possible. The Group achieves this by maintaining sufficient cash and cash equivalents and managing working capital. The Group monitors its financial position on a monthly basis at minimum.

Market risk

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates and foreign currency exchange rates and the movement in capital markets.

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(a) Interest rate risk

The Group has cash balances only and it has no interest bearing debt. The Group's current policy is to invest most of its excess cash in interest bearing accounts or term deposits with large reputable banks. The Group periodically monitors the investments it makes and is satisfied with the credit ratings of the banks holding the cash and short-term deposits of the Group. An absolute increase or decrease of 1% in the annual interest rate would not have a material impact on the net loss or equity at March 31, 2023.

(b) Foreign currency exchange risk

The Group's principal functional currencies are the Canadian Dollar and the Hong Kong Dollar. Sales revenue of the Group's food distribution business is mainly denominated in Hong Kong Dollar, while the major purchases of the business are denoted in Australian Dollar and Euro. The major expenses of the Group are transacted in Canadian Dollar and Hong Kong Dollar. The Group is also subject to exchange fluctuations arising from the translation of the foreign currency monetary items of the Group's overseas subsidiaries. In addition, the Group's marketable securities, if partially denominated in foreign currency, are subject to foreign currency exchange risk.

Management closely monitors the exchange fluctuations of the principal foreign currencies of the Group's food distribution business and uses means to lock up the foreign currency exchange rate of its purchases or transfers exchange differences to its customers to reduce the Group's foreign currency exposures. Management believes the foreign currency exchange risk derived from its other activities is low and therefore does not hedge the foreign currency exchange risk arising from these other activities.

(c) Capital market risk

The Group's current policy is to invest some portion of its excess cash in marketable securities, primarily shares of publicly listed mining companies. The Group sets investment guidelines, including pre-set targeted capital allocation and returns, exit and entry prices, and periodically monitors the investments it makes. The Group is satisfied with the financial and operating performance of the mining companies the Group invests in. An absolute increase or decrease of 5% in the investment return would not have a material impact on the net loss or equity at March 31, 2023.

28. Capital management

The Group considers its capital structure to consist of share capital, contributed surplus and deficit, which, as at March 31, 2023, amounted to \$18,042,810 (2022: \$19,762,559). When managing capital, the Group's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to the shareholders and benefits for other stakeholders. Management adjusts the capital structure, as necessary, in order to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish a quantitative return on capital criteria for management but, rather, relies on the expertise of the Group's management team to sustain the future development of the business.

The Group is dependent on external financing to fund its strategic initiatives and exploration and project development activities in the long term. In order to carry out the business plan and pay for administrative costs, the Group will utilize its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is appropriate. The Group's capital management objectives, policies and processes have remained unchanged during the year ended March 31, 2023. The Group is not subject to externally imposed capital requirements.

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29. Subsequent events

The Company announced on May 31, 2023 the launch of a rights offering to raise gross proceeds of \$394,018. The Company will be offering 98,504,571 rights (the “Rights”) to holders of its ordinary shares of the Company at the close of business on the record date of June 9, 2023 on the basis of one Right for each one share held (the “Rights Offering”). Five Rights will entitle the holder to subscribe for one share upon payment of the subscription price of \$0.02 per share. The Company expects to close the Rights Offering on or about July 14, 2023, but in any event no later than July 28, 2023.

The Company presently has 98,504,571 shares issued and outstanding. Upon completion of the Rights Offering and assuming all Rights are exercised, the Company will have 118,205,485 shares outstanding, of which the shares issued under the Rights Offering represent 16.67%.