Consolidated Financial Statements of

SKY QUARRY INC.

formerly, Recoteq Inc.

For the years ended December 31, 2020 and 2019

IndigoSpire
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

March 31, 2021

To: Board of Directors, Sky Quarry Inc.

Re: 2020 consolidated Financial Statement audit

We have audited the accompanying consolidated financial statements of Sky Quarry Inc. (the "Company"), which comprise the balance sheet as of December 31, 2020 and 2019, and the related statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the calendar year period ended 2020 and the inception period of June 4, 2019 through December 31, 2019, and the related notes to such consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of the Company's financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations, shareholder equity and its cash flows for the calendar year ended 2020 and the inception period from June 4, 2019 through December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in the notes to the financial statements, the Company has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in the Notes to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Sincerely,

IndigoSpire CPA Group

IndigoSpire CPA Group, LLC
Aurora, Colorado

March 31, 2021

We have served as the Company's auditor since January 18, 2021.

SKY QUARRY INC.

Consolidated Balance Sheets

As at December 31, 2020 and 2019

See auditor's report

Expressed in US dollars

	Note	2020	2019
ASSETS			
Current assets:			
Cash		$ 135,787	$ -
Trade receivables	5	29,168	-
Prepaid expenses and other receivables		910,547	-
Inventory	6	96,287	-
Total Current Assets		1,171,789	-
Non-Current assets:			
Property, plant and equipment	8	344,079	-
Oil and gas properties	9	2,135,420	-
Total Non-Current Assets		2,479,499	-
TOTAL ASSETS		$ 3,651,288	$ -
LIABILITIES AND EQUITY			
Current liabilities:			
Accrued payable and accrued liabilities	10	$ 265,287	$ 838
Notes payable current portion	11,12	1,244,490	-
Total Current Liabilities		1,509,777	-
Non-Current Liabilities:			
Notes payable non-current portion	11,12	1,388,403	-
Total Non-Current Liabilities		1,388,403	-
Total Liabilities		$ 2,898,180	$ 838
SHAREHOLDERS' EQUITY:			
Share capital	4,14	1,149,733	-
Retained deficit		(317,503)	(838)
Accumulated other comprehensive income (loss)		(79,122)	-
Total Shareholders' Equity		753,108	(838)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 3,651,288	$ (838)

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

SKY QUARRY INC.

Consolidated Statements of Loss and Comprehensive Loss
For the year ended December 31, 2020 and period of inception (June 4, 2019 through December 31, 2019)
See auditor's report
Expressed in US dollars

		2020		**2019**
Revenue				
Sale, net	$	99,227	$	-
Cost of Sales		-		-
Gross Profit		99,227		-
Expenses:				
Research & development		4,467		-
General and administrative		345,160		838
Finance costs		61,981		-
Foreign exchange		4,284		-
Total Expenses		415,892		838
Net loss before income taxes				
Income tax expense		-		-
Net Loss		(316,665)		(838)
Other Comprehensive Loss (Gain)				
Exchange loss (gain) on translation of foreign operations		79,122		-
Net loss and Comprehensive loss	$	(395,787)	$	(838)

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

SKY QUARRY INC.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2020 and 2019

See auditor's report

Expressed in US dollars

	Number of Shares Outstanding	Share Capital	Deficit	Accumulated Other Comprehensive Loss	Total
Balance at June 4, 2019 (inception)		-	-	-	-
Net Loss and Comprehensive Loss		-	(838)	-	(838)
Balance December 31, 2019		**-**	**(838)**	**-**	**(838)**
Common share subscription	26,890,235	1,149,733	-	-	1,149,733
Net Loss and Comprehensive Loss		-	(316,665)	(79,122)	(395,787)
Balance December 31, 2020	**26,890,235**	**$ 1,149,733**	**$ (317,503)**	**$ (79,122)**	**753,108**

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

SKY QUARRY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ending December 31, 2020 and 2019
See auditor's report
Expressed in US dollars

	Note	2020	2019
CASH FLOWS FROM OPERATION ACTIVITIES			
Net loss		$ (316,665)	$ (838)
Changes in operating assets and liabilities:			
Accounts receivable		(29,168)	-
Prepaid expenses and deposits		(910,547)	-
Inventory		(96,287)	-
Accounts payable and accrued liabilities	10	264,450	838
Net cash from Operating Activities		(1,088,217)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on equity private placement		1,149,733	-
Proceeds of debt		2,632,893	-
Net cash generated by financing activities		3,782,626	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of oil and gas properties	4	(2,113,421)	-
Acquisition of property, plant, and equipment, net	4	(344,079)	-
Additions to oil and gas properties		(21,999)	
Net cash generated by investing activities		(2,479,499)	-
Effects of exchange rate changes on cash and cash equivalents		(79,122)	-
Increase (decrease) in cash		**$ 135,787**	**$ -**
Cash, beginning of the period		-	-
Cash, end of the period		**$ 135,787**	**$ 0**

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

1. NATURE OF OPERATIONS

Sky Quarry Inc. and subsidiaries (Sky Quarry, SQI or the "Company") are collectively a development-stage environmental remediation company formed to deploy technologies to facilitate the recycling of waste asphalt shingles and remediation of oil-saturated soils. The recycling of asphalt shingles will reduce the dependence of the American economy on landfills for the removal of waste and will also reduce the economy's dependence on virgin crude oil for industrial uses.

The Company's head office is located at #1400 136 East South Temple, Salt Lake City, Utah 84111. The Company's registered office is located at The Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

The Company was incorporated as Recoteq Inc. on June 4, 2019 in the state of Delaware and changed its name to Sky Quarry Inc. on April 22, 2020. As set out in Note 5 "Acquisitions" below, on September 16, 2020 the Company acquired a 100% interest in two companies, 2020 Resources LLC (referred to herein as "2020 Utah") and 2020 Resources (Canada) Ltd. (referred to herein as "2020 Canada").

2020 Resources (Canada) Ltd. (formerly, USO (Canada) Ltd.) was incorporated on April 26, 2018 in the province of Alberta under the Canada Business Corporations Act. 2020 Resources LLC (formerly, US Oil Sands (Utah) LLC and USO (Utah) LLC) was incorporated on November 2, 2017 in the state of Delaware.

2020 Canada is currently inactive and 2020 Utah is engaged in the exploration and development of oil sands properties using the proprietary solvent extraction technology. Through 2020 Utah, the Company has a 100% working interest in bitumen leases covering 5,930 acres of land in the state of Utah in the PR Spring area. The Company has not earned significant revenues as it is in the pre-production stage.

The consolidated financial statements of the Company as at and for the period from the date of acquisition of operations, September 16, 2020 to December 31, 2020 consist of 2020 Resources (Canada) Ltd., which acts as the Company's main Canadian operating entity, and 2020 Resources LLC, which acts as the United States operating entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with United States generally accepted accounting policies ("US GAAP") and have been prepared on a historical cost basis except for certain financial assets and financial liabilities which are measured at fair value. The Company's reporting currency and the functional currency of all of its operations is the U.S. dollar, as it is the principal currency of the primary economic environment in which the Company operates.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries in which it has at least a majority voting interest. All significant inter-company accounts and transactions have been eliminated in the consolidated financial statements.

These financial statements have been prepared on a consolidated basis whereby the assets, liabilities and results of Sky Quarry, 2020 Canada and 2020 Utah have been combined. There was no activity in either entity until commencement of research and development and commissioning operations on July 27, 2018. Share capital refers to

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

capital contributions in the form of cash provided by previous shareholders to 2020 Canada. Member's interest refers to cash provided by previous shareholders to 2020 Utah. Both entities were under common control throughout the period July 27, 2018 to September 15, 2020, the date of acquisition by Sky Quarry Inc.

(c) Basis of presentation

The combined financial statements have been prepared under the historical cost convention.

(d) Foreign currency translation adjustments

The Company's reporting currency and the functional currency of all its operations is the U.S. dollar. Assets and liabilities of the Canadian subsidiary company are translated to U.S. dollars using the applicable exchange rate as of the end of a reporting period. Income, expenses and cash flows are translated using an average exchange rate during the reporting period. Since the reporting currency as well as the functional currency of all entities is the U.S. Dollar there is no translation difference recorded.

(e) Revenue recognition

The Company recognizes revenue in terms of ASC 606 – Revenue from Contracts with Customers (ASC 606).

Revenue transactions are assessed using a five-step revenue recognition model to depict the transfer of goods or services to customers in an amount that reflects the consideration in exchange for those goods or services. The five steps are as follows:

i. identify the contract with a customer;

ii. identify the performance obligations in the contract;

iii. determiner the transaction price;

iv. allocate the transaction price to performance obligations in the contract; and

v. recognize revenue as the performance obligation is satisfied.

(f) Cash and cash equivalents

The Company considers all highly liquid investments with original contractual maturities of three months or less to be cash equivalents.

(g) Accounts receivable

The Company had sales of $99,227 during the period of with a total of $29,168 accounts receivable balance.

(h) Oil and gas property and equipment

The Company under ASC 932 follows the successful efforts method of accounting for its oil and gas properties. Acquisition costs associated with the acquisition of leases are capitalized. Exploration costs, such as exploratory geological and geophysical costs, and costs associated with delay rentals and exploration overhead are charged against earnings as incurred. Costs of successful exploratory efforts along with acquisition costs and the costs of development of surface mining sites are capitalized. Costs incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas area are capitalized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Site development costs are initially capitalized, or suspended, pending the determination of proved reserves. If proved reserves are found, site development costs remain capitalized as proved properties. Costs of unsuccessful site developments are charged to exploration expense. For site development costs that find reserves that cannot be classified as proved when development is completed, costs continue to be capitalized as suspended exploratory site development costs if there have been sufficient reserves found to justify completion as a producing site and sufficient progress is being made in assessing the reserves and the economic and operating viability of the project. If management determines that future appraisal development activities are unlikely to occur, associated suspended exploratory development costs are expensed. In some instances, this determination may take longer than one year. The Company reviews the status of all suspended exploratory site development costs quarterly.

Capitalized costs of proved oil and gas properties are depleted by an equivalent unit-of-production method. Proved leasehold acquisition costs, less accumulated amortization, are depleted over total proved reserves, which includes proved undeveloped reserves. Capitalized costs of related equipment and facilities, including estimated asset retirement costs, net of estimated salvage values and less accumulated amortization are depreciated over proved developed reserves associated with those capitalized costs. Depletion is calculated by applying the DD&A rate (amortizable base divided by beginning of period proved reserves) to current period production.

Costs associated with unproved properties are excluded from the depletion calculation until it is determined whether or not proved reserves can be assigned to such properties. The Company assesses its unproved properties for impairment annually, or more frequently if events or changes in circumstances dictate that the carrying value of those assets may not be recoverable.

Proved properties will be assessed for impairment annually, or more frequently if events or changes in circumstances dictate that the carrying value of those assets may not be recoverable. Individual assets are grouped for impairment purposes based on a common operating location. If there is an indication the carrying amount of an asset may not be recovered, the asset is assessed for potential impairment by management through an established process. If, upon review, the sum of the undiscounted pre-tax cash flows is less than the carrying value of the asset, the carrying value is written down to estimated fair value. Because there is usually a lack of quoted market prices for long-lived assets, the fair value of impaired assets is typically determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants or by comparable transactions. The expected future cash flows used for impairment reviews and related fair value calculations are typically based on judgmental assessments of future production volumes, commodity prices, operating costs, and capital investment plans, considering all available information at the date of review.

Gains or losses are recorded for sales or dispositions of oil and gas properties which constitute an entire common operating field or which result in a significant alteration of the common operating field’s DD&A rate. These gains and losses are classified as asset dispositions in the accompanying consolidated statements of loss and comprehensive loss. Partial common operating field sales or dispositions deemed not to significantly alter the DD&A rates are generally accounted for as adjustments to capitalized costs with no gain or loss recognized.

The Company capitalizes interest costs incurred and attributable to material unproved oil and gas properties and major development projects of oil and gas properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Other property and equipment

Other property, plant and equipment, consisting of research and development equipment and mining equipment, is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures directly attributable to the acquisition of the asset. When parts of an item have different useful lives, they are accounted for as a separate component. At December 31, 2020, none of the assets were available for use and no depreciation has been recorded on the assets.

(j) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation or other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Liabilities for environmental remediation or restoration claims resulting from allegations of improper operation of assets are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. Expenditures related to such environmental matters are expensed or capitalized in accordance with the Company's accounting policy for property and equipment.

(k) Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then assets are written down. The impairment loss is the excess of the carrying amount of the asset group over its fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. Due to lack of supported future utilization plan of property, plant and equipment, impairment to the carrying values occurred at the date of acquisition, utilizing the basis of a loan agreement which provided documented Forced Liquidation Value of assets.

(l) Fair value measurement

Certain of the Company's assets and liabilities are measured at fair value at each reporting date. Fair value represents the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants. This price is commonly referred to as the "exit price." Fair value measurements are classified according to a hierarchy that prioritizes the inputs underlying the valuation techniques. This hierarchy consists of three broad levels:

- Level 1 – Inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. When available, the Company measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

- Level 2 – Inputs consist of quoted prices that are generally observable for the asset or liability. Common examples of Level 2 inputs include quoted prices for similar assets and liabilities in active markets or quoted prices for identical assets and liabilities in markets not considered to be active.

- Level 3 – Inputs are not observable from objective sources and have the lowest priority. The most common Level 3 fair value measurement is an internally developed cash flow model.

(m) Comparative amounts

The comparative amounts presented in these consolidated financial statements have been reclassified where necessary to conform to the presentation used in the current year.

3. GOING CONCERN

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. As at December 31, 2020 the Company has an accumulated deficit of $321,527 and has not yet been able to generate cash flows from operations.

Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to December 31, 2020 is uncertain. Until this time, management will have to raise funds by way of debt or equity issuances or improve profitability. The Company will closely monitor its cash and will take the necessary measures to preserve cash, such as reducing spending as needed until the Company succeeds in proving its extraction technology viable in the open market.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

4. ACQUISITIONS

On September 16, 2020, Sky Quarry entered into a membership and share purchase agreement to acquire all of the membership interests of 2020 Resources LLC and all the shares of 2020 Resources (Canada) Inc. for total consideration of $2,648,349, paid by issue of a $300,000 promissory note to the seller, $807,245 in share issuance to seller's creditor (5,378,047 shares) in total satisfaction of sellers debt and $1,541,104 in cash (see note 11 below). The share purchase agreement closed on September 16, 2020. The values assigned to property, plant, and equipment were determined by reference to third party valuations. The values assigned to oil and gas properties, including the Company's extraction technology, were determined by the residual value of assets acquired.

The acquisition did not meet the definition of a business combination as (i) the PR Spring properties are at the exploration stage with no defined mineral reserves, and (ii) assets acquired did not contain any business processes. Consequently, the transaction was not characterized as a business combination, and was accounted for as an acquisition of assets.

Expressed in US dollars

The fair value of the assets acquired are as follows:

Recognized amounts of identifiable net assets & liabilities acquired	**$**
Cash & Deposits	821,272
Inventory	96,287
Property, plant, and equipment, net	21,112
Oil and gas properties	2,113,421
Liabilities	(403,743)
Total acquired	2,648,349

Consideration for the acquisition	
Cash paid	**1,541,104**
Note payable	**300,000**
Share issuance (sellers debt)	**807,245**

5. ACCOUNTS RECEIVABLE

The Company's accounts receivable consists of:

		December 31, 2020		December 31, 2019
Trade receivables	$	29,168	$	0
Balance, December 31, 2019	**$**	**29,168**	$	0

Information about the Company's exposure to credit risks for trade receivables is included in Note 20(a).

6. INVENTORY

During the year ended December 31, 2020, the Company acquired 2020 Resources LLC. This acquisition included inventory of chemicals used in the bitumen extraction process and have been recorded at cost.

7. MINERAL LEASES

		SITLA Mineral Lease		**Total**
Cost				
January 1, 2019	$	63,800	$	63,800
Additions				
December 31, 2019		63,800		63,800
Additions		-		-
December 31, 2020	$	63,800	$	63,800
Accumulated Amortization				
December 31, 2020 and 2019	$	0	$	0

Expressed in US dollars

Carrying Amounts		
December 31, 2019	$ 63,800	$ 63,800
December 31, 2020	$ 63,800	$ 63,800

SITLA Mineral Lease (2020 Resources LLC mineral lease)

Through its acquisition of 2020 Utah, the Company indirectly acquired certain mineral rights under three mineral leases entitled “Utah State Mineral Lease for Bituminous-Asphaltic Sands” between the State of Utah’s School and Institutional Trust Land Administration (“SITLA”), as lessor, and 2020 Utah, as lessee, covering certain lands in the PR Spring Area largely adjacent to each other (the “SITLA Leases”). At this time, the Company (through its subsidiaries) holds mineral leases (or the operating rights under leases) covering approximately 5,930.3 net acres within the State of Utah. Terms of the SITLA Leases are set forth in the table below.

Reference	**Gross Acres**	**Net Acres**	**Lease Start Date**	**Lease Expiry Date (1)**	**Annual Rent (2)**	**Annual Advance Minimum Royalty (3)**	**Production Royalty Rate**
ML-49579	50.42	50.42	1/1/2005	12/31/2024	$ 500	$ 5,000	6.5%
ML-49927	4,319.87	4,319.87	6/1/2005	5/31/2025	4,320	43,200	6.5%
ML-51705	1560	1560	2/1/2010	1/31/2020	1,560	15,600	8%
Total	5,930.3	5,930.3			$ 6,380	$ 63,800	

Notes:
1. Leases may be extended past expiry date by continued payment of annual rent and annual advance minimum royalty.
2. Annual rent may be credited against production royalties payable during the year.
3. Annual advance minimum royalty may be credited against production royalties payable during the year.

8. PROPERTY, PLANT AND EQUIPMENT

	Shop & Laboratory Equipment	**Mining Equipment**	**Corporate and Other**	**Total**
Cost				
As at January 1, 2019	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Additions	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**-**	**-**
As at December 31, 2019	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Additions	267,979	75,124	976	344,079
Disposals	-	-	-	-
As at December 31, 2020	**$ 267,979**	**$ 75,124**	**$ 976**	**$ 344,079**

Property, plant and equipment consist of research and development equipment and mining equipment. Each class of property, plant and equipment is estimated to have a useful life of 5 years and will be amortized over a straight line basis.

In accordance with ASC 932, as the property, plant and equipment was not available for use as at December 31, 2020, no accumulated depreciation has been recorded within the statement of loss and comprehensive loss.

Expressed in US dollars

9. OIL AND GAS PROPERTIES

Oil and gas properties are comprised of the following:

	Note	**December 31, 2020**	December 31, 2019
Balance, beginning of period	4	**$ 0**	$ 0
Additions		**2,135,420**	0
Balance, December 31, 2020		**$ 2,135,420**	$ 0

Oil and gas propertiesinclude undeveloped lands, unproved properties and seismic costs where management has not fully evaluated for technical feasibility and commercial viability.

Additions during the year ended December 31, 2020 relate to acquisition of the land and mine in the PR Spring area.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable as at December 31, 2020 and 2019 consist primarily of amounts outstanding for operating expenses that are non-interest bearing and are normally due on 30 to 60 day terms.

Accrued expenses as at December 31, 2020 and 2019 consist primarily of other operating expenses.

Information about the Company's exposure to liquidity risk is included in Note 20(c).

11. DEBT

Lender	**Maturity Date**	**Interest Rate**	**Principal Balance December 31, 2020**	**Principal Balance December 31, 2019**
Private Lenders*	March 16, 2021		100,000	-
Private Lender*	December 15, 2020		200,000	-
ACMO USOS LLC	March 15, 2021	10%	300,000	-
Private Lender*	February 28, 2021		500,000	-
David Sealock	On Demand	0%	19,490	-
JPMorgan Chase	September 28, 2023	10%	450,000	-
Govt of Canada**	December 31, 2025	nil	31,416	-
Loeb Term Solutions	September 1, 2024	11%	906,987	-
			$ 2,507,893	$ -

* Note - Set interest charge amount versus interest rate.

Expressed in US dollars

The maturity date of debt is as follows:

		December 31, 2020		December 31, 2019
Principal classified as repayable within one year	**$**	**1,119,490**	**$**	**-**
Principal classified as repayable later than one year		**1,388,403**		-
Balance, December 31, 2020	**$**	**2,507,893**	**$**	**-**

(a) Private lenders – presented sequentially as above.

(i) On September 17, 2020, the Company received an advance from two private lenders in aggregate amount of $100,000 bearing a flat interest charge at 25% repayable on March 16, 2021.

(ii) On September 17, 2020, the Company received a $200,000 advance from a private lender bearing a flat interest charge of 10% and repayable on December 15, 2020. The maturity date of the note is currently being renegotiated.

(iii) On September 16, 2020, the Company entered into a promissory note for $300,000 from ACMO USOS LLC which formed part of the Share Purchase Agreement (see Note 5 Acquisitions). The promissory note matures on December 15, 2020 and bears an interest at 10% per annum. On December 13, 2020, the interest rate was increased to 15% thereafter and the maturity date of the note was extended to March 16, 2021.

(iv) On August 28, 2020 the Company entered into a promissory note for $500,000 from a private lender bearing a flat interest charge of 25% and repayable on February 28, 2021.

(v) On September 28, 2020, the Company received a $19,490 advance from David Sealock, a director and CEO of the Company, bearing interest at 0% per annum and repayable on demand.

(vi) On September 16, 2020, the Company entered into a promissory note for $450,000 from JPMorgan Chase Bank N.A.. The promissory note matures on September 28, 2023 and bears interest at 10% per annum.

(vii) 2020 Resources (Canada) Ltd. received a Canadian Emergency Business account loan ("CEBA") in the amount of CDN $40,000 from the Canadian Federal Government in November 2020. The CEBA loan is interest free with no principal payments until December 31, 2022. If the Company repays $30,000 of the total loan prior to December 31, 2022 then the balance of $10,000 will be forgiven. If the balance is not paid by December 31, 2022 then the balance of the loan is converted to a three (3) year term loan with interest at 5% starting on January 1, 2023. The balance of the loan must be paid no later than December 31, 2025. The note was converted to USD $31,416 using the exchange rate quoted by the Bank of Canada as at December 31, 2020, being 0.7854:1.

(viii) On August 31, 2020, the Company entered into a promissory note for $1,000,000 from Loeb Term Solutions LLC. The note ranks senior to all debt and is secured against all of the assets of the Company and of its subsidiaries. The note matures on September 1, 2024 and bears interest at 14.25% per annum. Terms of the note includes a mandatory repayment against principal of $20,000 per monthly instalment. The principal outstanding under the note as at December 31, 2020 is $ 906,986.81.

Expressed in US dollars

12. CONVERTIBLE DEBENTURES

Lender	Maturity Date	Interest Rate	Principal due December 31, 2020	Principal Due December 31, 2019
Private Lender	April 23, 2021	4%	50,000	-
Private Lender	July 21, 2021	4%	-	-
Marcus Laun	July 13, 2021	4%	25,000	-
Private Lender	September 12, 2021	4%	50,000	-
			$ 125,000	$ -

The maturity date of debt is as follows:

	December 31, 2020	December 31, 2019
Principal classified as repayable within one year	**$ 125,000**	**$ -**
Principal classified as repayable later than one year	**-**	-
Balance, December 31, 2020	**$ 125,000**	**$ -**

(a) Private Lender

On April 23, 2020, the Company issued a promissory note in the amount of $50,000, convertible at the election of the holder into shares of common stock at an exercise price of $0.0936 per share with a maturity date of April 23, 2021. The note has a term of twelve months and bears interest at a rate of 4% per annum payable at maturity.

(b) Private Lender

On April 28, 2020, the Company issued a promissory note in the amount of $50,000, convertible at the election of the holder into shares of common stock at an exercise price of $0.0936 per share. The note has a term of twelve months and bears interest at a rate of 4% per annum payable at maturity. On August 7, 2020 at the election of the lender the note was converted into 534,188 shares of common stock of the Company in full and final satisfaction of the note.

(c) Marcus Laun

On July 13, 2020, the Company issued a promissory note in the amount of $25,000 to Marcus Laun, a director of the Company, convertible at the election of the holder into shares of common stock at an exercise price of $0.0936 per share with a maturity date of July 13, 2021. The note has a term of twelve months and bears interest at a rate of 4% per annum payable at maturity.

(d) Private Lender

On September 21, 2020, the Company issued a promissory note in the amount of $50,000, convertible at the election of the holder into shares of common stock at an exercise price of $0.25 per share. The note has a term of twelve months and bears interest at a rate of 4% per annum payable at maturity.

Expressed in US dollars

13. INCOME TAXES

As at December 31, 2019, and December 31, 2020, the Company has incurred losses and does not meet the standard to carry forward any non-capital losses.

14. SHARE STRUCTURE

COMMON SHARES

Authorized	50,000,000 common shares with par value of $0.0001
Issued	26,890,235 common shares as of December 31, 2020

PREFERRED SHARES

Authorized	25,000,000 preferred shares with par value of $0.001 per share
Issued	0 preferred shares as of December 31, 2020

(a) Changes to share structure

On April 14, 2020 the Company authorized an amendment to its Certificate of Incorporation which amended its authorized share structure by, (a) fixing the authorized common shares issuable at a maximum of 50,000,000 and (b) fixing the par value of its common shares at $0.0001 (one hundredth of one cent).

(b) Common share subscriptions

On June 30, 2020, the Company issued 11,400,000 common shares to certain investors for net proceeds of $1,140 at an issue price of $0.0001 per share.

On August 2, 2020 the Company issued 7,988,637 common shares to certain investors for net proceeds of $799 at an issue price of $0.0001 per share.

On September 16, 2020 the Company issued 6,967,410 common shares to certain investors for net proceeds of $1,097,795 at an average issue price of $0.157 per share.

(c) Debt conversions

On September 16, 2020 the Company issued 534,188 common shares for conversion of debt in the amount of $50,000 at a conversion price of $0.0936 per share.

15. STOCK OPTION PLAN

On March 27, 2020 the Company adopted an incentive stock option plan (the "Plan"). The Plan allows the Board of Directors of the Company to grant options to acquire common shares of the Company to directors, officers, key employees and consultants. The option price, term and vesting periods are determined at the discretion of the Board of Directors, subject to certain restrictions as required by the policies of Section 422 of the Internal Revenue Code. The stock option plan is a fixed number plan with a maximum of 5,000,000 common shares reserved for issue at December 31, 2020.

During the twelve months ended December 31, 2020 and the period ended December 31, 2019, the Company did not grant any stock options to directors, officers and consultants of the Company.

During the years ended December 31, 2020 and December 31, 2019, there was no share-based compensation expense.

Expressed in US dollars

16. RELATED PARTY TRANSACTIONS

Related party transactions not otherwise separately disclosed in these consolidated financial statements are:

(a) Key management personnel and director compensation

As at December 31, 2020 there was $0 due to members of key management and directors for unpaid salaries, expenses and director fees (2019 - $0) as salaries and fees were voluntarily waived for FY 2020.

(b) Transactions with related parties

During the year ended December 31, 2020 the following officers, directors, and related parties subscribed for common shares as set forth below.

Subscriber	Issue Date	Shares	Price	$ / share
Autus Ventures Ltd (1)	5/30/2020	2,400,000	240.00	$0.0001
David Sealock, CEO, Director	5/30/2020	3,000,000	300.00	$0.0001
Marcus Laun, EVP, Director	5/30/2020	3,000,000	300.00	$0.0001
Harrison Kordestani, Corporate Secretary	5/30/2020	500,000	50.00	$0.0001
Autus Ventures Ltd. (1)	8/1/2020	1,603,637	160.36	$0.0001
Darryl Delwo, VP Finance	8/1/2020	600,000	60.00	$0.0001
Travis Schneider, Director	8/1/2020	700,000	70.00	$0.0001
JPMorgan Chase Bank N.A. (2)	9/16/2020	5,378,047	$807,244.85	$0.1501

Notes:

1. Autus Ventures Ltd. is a company controlled by David Sealock, CEO and a director.

2. With this subscription, JPMorgan Chase Bank N.A. acquired a 20% stake in the Company.

As disclosed in Note 11 above, on September 16, 2020 the Company issued a promissory note to JPMorgan Chase, N.A, in the amount of $450,000.

(c) Due to/from director

As disclosed in Note 11 above, on September 28, 2020, the Company received an advance from David Sealock, a director and CEO of the Company, in the amount of $19,490 bearing interest at 0% per annum and repayable on demand.

As disclosed in Note 12(c) above, on July 13, 2020, the Company issued a promissory note in the amount of $25,000 to Marcus Laun, a director of the Company, convertible at the election of the holder into shares of common stock at an exercise price of $0.0936 per share. The note has a term of twelve months and bears interest at a rate of 4% per annum payable at maturity.

Expressed in US dollars

17. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses consist of the following**:**

	December 31, 2020	December 31, 2019
Insurance	**$ 105,675**	$ 0
		0
Professional fees	**124,913**	0
Salary and wages	**31,821**	0
Travel expenses	**60,748**	0
Other	**22,003**	838
	$ 345,160	$ 838

18. COMMITMENTS AND CONTINGENCIES

The Company is not party to any contractual commitments other than as disclosed elsewhere herein.

19. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital. The Company considers its capital for this purpose to be its shareholders' equity and debt and convertible debentures.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may seek additional financing or dispose of assets.

In order to facilitate the management of its capital requirements, the Company monitors its cash flows and credit policies and prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The budgets are approved by the Board of Directors. There are no external restrictions on the Company's capital.

20. MANAGEMENT OF FINANCIAL RISKS

The risks to which the Company's financial instruments are exposed to are:

(a) Credit risk

Credit risk is the risk of unexpected loss if a customer or third party to a financial instrument fails to meet contractual obligations. The Company is exposed to credit risk through its cash held at financial institutions, trade receivables from customers and notes receivable.

The Company has cash balances at various financial institutions. The Company has not experienced any loss on these accounts, although balances in the accounts may exceed the insurable limits. The Company considers credit risk from cash to be minimal.

Credit extension, monitoring and collection are performed for each of the Company's business segments. The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current creditworthiness, as determined by a review of the customer's credit information.

Accounts receivable, collections and payments from customers are monitored and the Company maintains an allowance for estimated credit losses based upon historical experience with customers, current market and industry conditions and specific customer collection issues.

At December 31, 2020 and 2019, the Company had $29,168 and $0, respectively in trade and other receivables. The Company considers its maximum exposure to credit risk to be its trade and other receivables and notes receivable. The Company expects to collect these amounts in full and has not provided an expected credit loss allowance against these amounts.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

(d) Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in currencies, other than the functional currency of the Company, will fluctuate due to changes in foreign currency exchange rates. As at December 31, 2020, the Company's exposure to currency risk is limited to cash and equivalents denominated in Canadian dollars in the amount of CAD $20,882, accounts payable and accrued liabilities denominated in Canadian dollars in the amount of CAD $30,845. A 1% change in the exchange rate between the US and Canadian dollar would have a $100 impact on the net loss and cash flows of the Company.

(e) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the fair value or future cash flows of the Company's financial instruments. The Company is exposed to interest rate risk as a result of holding fixed rate obligations of varying maturities as well as through certain floating rate instruments. The Company considers its exposure to interest rate risk to be minimal.

21. SUBSEQUENT EVENTS

Except as disclosed elsewhere herein and below, no material events occurred subsequent to March 31, 2021 the date of presentation of these financial statements.