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Financial statements of  
TS Canada Capital Ltd.

March 31, 2020

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Unaudited Account

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Independent Auditor's Report.....	1
Balance sheet.....	2
Statement of earnings and retained earnings .....	3
Statement of cash flows .....	4
Notes to the financial statements.....	5-7

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Unaudited Account

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**TS Canada Capital Ltd.****Balance sheet**

As at March 31, 2020

(In U.S. Dollars)

	2020	2019
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	803,028	1,305,372
Other advances	3,260,378	3,235,376
Income taxes receivables	0	0
Interest receivable on loan	492,626	492,626
	<b>4,556,032</b>	<b>5,033,374</b>
	<b>4,556,032</b>	<b>5,033,374</b>
<b>Liabilities</b>		
Current liabilities		
Other current liabilities	232,656	6,850
	<b>232,656</b>	<b>6,850</b>
<b>Shareholders' equity</b>		
Capital stock	1	1
Cumulative translation adjustment	(246,476)	(246,476)
Retained earnings	4,569,851	5,272,999
	<b>4,323,376</b>	<b>5,026,524</b>
	<b>4,556,032</b>	<b>5,033,374</b>

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

Approved on behalf of the Board

\_\_\_\_\_, Director

\_\_\_\_\_, Director

**TS Canada Capital Ltd.****Statement of earnings and retained earnings**

Year ended March 31, 2020

(In U.S. Dollars)

	2020	2019
	\$	\$
<b>Revenue</b>		
Interest	22,353	22,752
<b>Expenses</b>		
General administrative expenses	731,075	19,539
Foreign exchange loss (gain)	(5,574)	19,933
	725,501	39,472
Earnings/(Loss) before income taxes	(703,148)	(16,720)
Income taxes/(recovery) – current	0	6,430
Net earnings/(loss) for the year	(703,148)	(23,150)
Retained earnings, beginning of year	5,272,999	5,296,149
<b>Retained earnings, end of year</b>	<b>4,569,851</b>	<b>5,272,999</b>

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

**TS Canada Capital Ltd.**  
**Statement of cash flows**  
Year ended March 31, 2020  
(In U.S. Dollars)

	<b>2020</b>	2019
	\$	\$
<b>Operating activities</b>		
Net earnings/(Loss)	<b>(703,148)</b>	(23,150)
Changes in working capital items		
Other advances	<b>(25,002)</b>	27,439
Income tax receivable	<b>0</b>	68,921
Other liabilities	<b>225,806</b>	(34,254)
	<b>200,804</b>	62,106
	<b>(502,344)</b>	38,956
Increase/(Decrease) in cash and cash equivalents	<b>(502,344)</b>	38,956
Cash and cash equivalents, beginning` of year	<b>1,305,372</b>	1,266,416
<b>Cash and cash equivalents, end of year</b>	<b>803,028</b>	1,305,372

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

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## **TS Canada Capital Ltd.**

### **Notes to the financial statements**

March 31, 2020

(In U.S. Dollars)

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#### **1. Nature of operations**

TS Canada Capital Ltd. (the "Company") was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on October 30, 2012, for the purpose of financing the Direct Shipping Ore Project of Tata Steel Minerals Canada Ltd., a sister company.

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

#### **2. Accounting Policies**

##### *Basis of presentation*

The financial statements are prepared in United States dollars in accordance with Canadian ASPE and include the following significant accounting policies:

##### *Accounting estimates*

The preparation of financial statements in accordance with Canadian ASPE requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements. The estimates include the income taxes related accounts. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates.

##### *Cash and cash equivalents*

Cash and cash equivalents may include cash and short-term investments having a term of three months or less from the acquisition date.

##### *Income taxes*

The Company applies the taxes payable method of accounting for income taxes.

##### *Foreign currency and translation*

Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas non-monetary items are translated at the historical rate. Revenue and expenses are translated at the exchange rate in effect at the transaction date. Gains and losses are included in the net earnings for the year.

##### *Financial instruments*

###### *(a) Measurement of financial instruments*

The Company initially measures its financial assets and liabilities at fair value except for certain non-arm's-length transactions. The Company subsequently measures all their financial assets and liabilities at amortized cost. Financial assets measured at amortized cost include cash and cash equivalents. Financial liabilities measured at amortized cost include other current liabilities.

## 2. Accounting policies (continued)

### *Financial instruments (continued)*

#### (b) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net earning for the year. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

#### (c) Transaction costs

The Company recognizes its transaction costs in net earning in the period incurred; however, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

#### (d) Revenue

Interest income is accrued on a time proportion basis by reference to the principal outstanding and effective interest rate applicable.

## 3. Capital stock

### *Authorized capital*

Unlimited number of common voting and participating shares of no par value

### *Issued capital*

1 common share

	2020	2019
	\$	\$
	1	1

## 4. Financial risk management objectives and policies

In the normal course of operations, the Company is exposed to and manages various financial risks.

The Company does not enter into financial instrument agreements, including derivative financial instruments for speculative purposes.

The Company's main financial risks and policies are as follows:

### *Exchange risk*

Exchange risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The majority of the Company's revenue and expenditures are related to the term loan that is transacted in U.S. dollars. The company is also incurring minor expenditures in Canadian dollars, therefore has exposure to fluctuations in the Canadian dollar.

On March 31, 2020 the Company had CAD\$ 1,139,256 (CAD\$ 1,696,821 in 2019) in cash, which has been translated into U.S. dollars at the exchange rate prevailing on March 31, 2020.



#### 4. Financial risk management objectives and policies (continued)

##### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter financial difficulty in meeting obligations associated with financial liabilities.

##### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company manages credit risk through an emphasis on quality in its investment portfolio, which at year-end is all cash and term deposits. The cash and term deposits are held through a Canadian chartered bank and management believes the risk of loss to be remote.

##### *Interest rate risk*

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

#### 5. Related party transactions

During the year, the Company incurred transactions with companies under common control and a shareholder company:

	<b>2020</b>	<b>2019</b>
	\$	\$
Balance sheet accounts		
Interest receivable from Tata Steel Minerals Canada Ltd.	<b>492,626</b>	492,626
Advance to Tata Steel Minerals Canada Ltd.	<b>3,249,307</b>	3,223,623
Advance to TSMUK LTD	<b>11,071</b>	11,753