



CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE (3) MONTHS ENDED MARCH 31, 2021

MARCH 31, 2021

Notice of No Auditor Review of Interim Financial Statements

The accompanying interim financial statements of Kaisen Energy Corp. As at and for the three-month period ending March 31, 2021 have been prepared by and are the responsibility of the Company's Management.

The Company's independent auditors have not performed a review of these interim financial statements.

/s/ John Zahary
Managing Director

June 10, 2021

Interim Statements of Financial Position

(Unaudited, Canadian dollars)

	Note	March 31, 2021	December 31, 2020
Assets			
Current assets			
Cash		\$127,173	\$108,966
Accounts receivable	4	338,630	166,521
Prepaid expenses and deposits		60,558	82,580
		526,361	358,067
Property, plant, and equipment	5,6	12,045,245	13,055,432
		\$12,571,606	\$13,413,499
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	\$5,626,269	\$5,230,880
Promissory notes	7	1,025,000	785,000
Term loan	8	1,850,000	1,850,000
		8,501,269	7,865,880
Government loan	7	40,000	40,000
Decommissioning and other	13	11,542,313	12,452,020
		20,083,582	20,357,900
Shareholders' equity			
Share capital	14	53,189,854	53,189,854
Convertible debentures	9	6,517,100	6,517,100
Contributed surplus		8,869,436	8,840,733
Deficit		(76,088,366)	(75,492,088)
		(7,511,976)	(6,944,401)
		\$12,571,606	\$13,413,499

Going concern (note 2)

Subsequent events (note 18)

See accompanying notes to the unaudited condensed interim financial statements.

Interim Statements of Loss and Comprehensive Loss

(Unaudited, Canadian dollars)

		Three months ended	
	Note	2021	March 31, 2020
Revenue			
Petroleum and natural gas sales		\$496,267	\$1,498,991
Royalties		(90,347)	(188,345)
Revenue, net of royalties		405,920	1,310,646
Saskatchewan resource tax		(5,000)	(15,000)
Unrealized gain (loss) on risk management contracts	10	-	709,313
Other income		36,920	7,988
		437,840	2,012,947
Expenses			
Operating		538,613	1,795,417
Transportation		20,884	178,000
General and administrative		247,632	303,373
Net finance	12	110,659	97,757
Share-based compensation	14	24,464	125,755
Depletion and depreciation	5	91,866	638,952
Impairment loss on property, plant, and equipment	6	-	11,082,000
		1,034,118	14,221,254
Net loss and comprehensive loss		\$(596,278)	\$(12,208,307)
Net loss per share			
Basic and diluted	15	\$(0.01)	\$(0.27)

See accompanying notes to the unaudited condensed interim financial statements.

Interim Statements of Cash Flows

(Unaudited, Canadian dollars)

		Three months ended	
	Note	2021	March 31, 2020
Cash provided by (used in) the following activities:			
Operating activities			
Net loss for the period		\$(596,278)	\$(12,208,307)
Items not affecting cash:			
Depletion and depreciation		91,866	638,952
Impairment loss on property plant and equipment		-	11,082,000
Accretion of decommissioning obligations	13	59,147	64,355
Share-based compensation	14	24,464	125,755
Unrealized (gain) loss on risk management contracts	10	-	(709,313)
Other		(1)	2
		(420,802)	(1,006,558)
Change in non-cash working capital	16	237,070	1,118,360
Cash from operating activities		(183,732)	111,802
Financing activities			
Net (payments) advances of bank loan		-	-
Promissory notes & government grant		240,000	
Lease payments		-	(9,140)
Issuance of convertible debentures, net of issue costs	9	-	-
Cash from financing activities		240,000	(9,140)
Investing activities			
Development of oil and gas properties		(46,296)	(70,862)
Change in non-cash working capital	16	8,234	(99,354)
Cash used in investing activities		(38,062)	(170,216)
Change in cash		18,206	(67,554)
Cash, beginning of the period		108,966	373,033
Cash, end of the period		\$127,172	\$305,479
Supplementary disclosure			
Cash interest paid		\$33,984	\$33,239
Cash taxes paid		-	-

See accompanying notes to the unaudited condensed interim financial statements.

Interim Statements of Changes in Shareholders' Equity

(Unaudited, Canadian dollars)

	Note	Share capital	Convertible debentures	Contributed surplus	Deficit	Shareholders' equity
Balance as at January 1, 2020		\$53,189,854	\$6,517,100	\$8,484,979	\$(57,115,622)	\$11,076,311
Net loss		-	-	-	(18,376,466)	(18,376,466)
Share-based compensation	14	-	-	307,065	-	307,065
Balance as at December 31, 2020		\$53,189,854	\$6,517,100	\$8,840,733	\$75,492,088)	\$(6,944,401)
Net loss		-	-	-	(596,278)	(596,278)
Share-based compensation	14	-	-	28,703	-	28,703
Balance as at March 31, 2021		\$53,189,854	\$6,517,100	\$8,869,436	\$(76,088,366)	\$(7,511,976)

See accompanying notes to the unaudited condensed interim financial statements.

Notes to the Interim Financial Statements (unaudited)

As at March 31, 2021 and for the three months ended March 30, 2021 and 2020

1. Reporting Entity

Kaisen Energy Corp. (the “Company” or “Kaisen”) is a Calgary-based energy company primarily focused on heavy oil development and production in Saskatchewan. The Company was incorporated in Canada on November 6, 2012. The Company’s principal place of business is 400, 522 – 11th Avenue S.W. Calgary, Alberta, Canada, T2R 0C8.

2. Basis of Presentation, Statement of Compliance and Assumption of Going Concern

These condensed unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. These financial statements were authorized for issue by the Board of Directors on June 10, 2021. These financial statements are condensed as they do not include all the information required by IFRS for annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2020. Unless otherwise stated, amounts presented in these financial statements, including tabular amounts, are stated Canadian dollars. The functional currency of the Company is the Canadian dollar.

These financial statements have been prepared on a historical cost basis, except as detailed in the accounting policies disclosed in Note 2 “Basis of presentation” of the Company’s unaudited consolidated financial statements for the year ended December 31, 2020. All accounting policies, methods of computation, and the use of estimates or judgements used in the preparation of these interim financial statements are consistent with those used the previous financial year.

These financial statements have been prepared in accordance with generally accepted accounting principles 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 business for the foreseeable future. The Company incurred a loss of \$596,278 during the three months ended March 31, 2021, and as of that date, the Company’s current liabilities exceeded its current assets by \$5,099,908. Management of the Company believes that the current level of financing is not sufficient to pay for expected cash expenditures over the next 12 months.

Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to secure adequate financing in the future or that such financing will be on terms acceptable to the Company. The recoverability of the underlying value of the Company’s assets is entirely dependent on the Company’s ability to obtain the necessary financing to complete the development of its assets and achieve future profitable production. As a result, there is a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used. These adjustments could be material.

3. Recent Developments and Impacts to Use of Estimates, Judgements and Assumptions

In March 2020, the outbreak of the novel coronavirus and subsequent measures intended to limit the pandemic contributed to significant declines and abnormal volatility of global financial markets. The pandemic adversely affected global commercial activity and significantly reduced worldwide demand for crude oil. Crude oil prices were concurrently impacted by increased global supply due to disagreements over production restrictions between members of OPEC and Russia.

The scale and duration of these developments remain uncertain and the full extent of the impact on the Company’s operations and future financial performance is currently unknown. The coronavirus outbreak presents uncertainty and risk with respect to the Company, its performance, and estimates and assumptions used by Management in the preparation of its financial statements.

A full list of the significant estimates and judgements made by Management in the preparation of its financial statements are included in Note 5 “Use of Estimates, Judgement and Assumptions” of the annual financial statements. The outbreak and volatile market conditions have increased the complexity of estimates, judgements and assumptions used to prepare these financials statements, particularly related to the recoverability of asset carrying values. Changes to any of these estimates, judgements and assumptions could result in a material adjustment to the carrying values of assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis, and any revisions to accounting estimates are recognized in the period in which the estimates are revised.

4. Financial Assets and Credit Risk

Credit risk arises from the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligation in accordance with agreed terms. The Company’s credit exposure on accounts receivable at March 31, 2021 pertains to accrued revenue for March 2021 production volumes in addition to amounts receivable from joint operating partners. Kaisen typically sells its heavy oil production to four separate oil and natural gas marketing companies. All revenues recorded at March 31, 2021 were received in April 2021. For joint operating partners, Kaisen bills these partners typically 2 months after the month of activity with receipt 30 days thereafter.

The Company's carrying values of accounts receivable represent the Company's maximum credit exposure. The aging of accounts receivable is as follows:

	March 31, 2021	December 31, 2020
Not past due	\$316,419	\$147,877
Past due greater than 90 days	22,211	18,644
Accounts receivable	\$338,630	\$166,521

The Company has historically not experienced any collection issues with its oil and natural gas sales and therefore has not recorded an allowance for doubtful accounts as at March 31, 2021.

5. Property, Plant, and Equipment

	Oil and gas assets	Corporate assets	Total assets
Cost:			
Balance, January 1, 2020	\$83,130,984	\$245,416	\$83,376,400
Development additions	27,544	1,985	29,529
Decommissioning obligations change in estimate	388,556	-	388,556
Capitalized general and administrative costs	168,000	-	168,000
Capitalized share-based compensation	48,689	-	48,689
Balance, December 31, 2020	\$83,763,773	\$247,401	\$84,011,174
Development additions	4,296	-	298
Decommissioning obligations change in estimate	(968,856)	-	(968,856)
Capitalized general and administrative costs	42,000	-	42,000
Capitalized share-based compensation	4,239	-	4,239
Balance, March 31, 2021	\$82,845,453	\$247,401	\$83,092,854
Accumulated depletion and depreciation:			
Balance, January 1, 2020	\$54,781,956	\$189,923	\$54,971,879
Depletion and depreciation	838,707	22,156	860,863
Impairment	15,123,000	-	15,123,000
Balance, December 31, 2020	\$70,743,663	\$212,079	\$70,955,742
Depletion and depreciation	89,000	2,866	91,866
Impairment	-	-	-
Balance, March 31, 2021	\$66,494,956	\$197,875	\$71,047,608
Net book value:			
Balance, December 31, 2020	\$ 13,020,110	\$ 35,322	\$ 13,055,432
Balance, March 31, 2021	12,012,788	32,457	12,045,245

As at March 31, 2021, \$77.8 million in future development costs associated with proved plus probable reserves and net salvage values of \$2.6 million were included in the petroleum and natural gas asset cost bases for depletion calculation purposes (December 31, 2020 - \$77.8 million and \$2.6 million, respectively). No other costs have been included or excluded from property plant and equipment in the determination of depletion. During the quarter ended March 31, 2021, \$42,000 and \$4,239 in general and administrative expenses and share-based compensation expenses, respectively, were capitalized to property, plant, and equipment (December 31, 2020 - \$168,000 and \$48,689).

6. Impairment loss on property, plant, and equipment

2021 Impairments

At March 31, 2021, the Company evaluated its property, plant, and equipment for indicators of any potential impairment or related impairment reversals. The assessment factored in reserves, change in commodity prices from year end, the health of the sector and the general economy, and near-term development plans. No indicators had changed materially from year-end 2020, and as such, no impairment adjustments were recorded during the first quarter. The recoverable amount of the Company's CGU's as at March 31, 2021 was \$12.0 million (December 31, 2020 - \$13.1 million)

2020 Impairments

At December 31, 2020, the Company assessed its property, plant, and equipment for indicators of potential impairment or impairment reversals. The assessment factored in reserves, change in commodity prices, the health of the sector and the general economy, and near-

term development plans. As a result of uncertainties regarding future strip pricing, impairment tests were conducted on all properties resulting in an impairment charge of \$4,041,000 recognized in the statement of income and comprehensive loss.

At March 31, 2020 indicators of impairment were identified at and impairment tests were conducted on all properties resulting in a non-cash impairment charge of \$11,082,000 recognized in the statement of income.

Property, plant, and equipment impairment assumptions

The recoverable amount was calculated as the fair value of assets less cost of disposal. The fair value was determined using an after-tax discount rate of 20% (December 31, 2020 – 20%) and forecasted cash flows. The forecasted cash flows are based on the total proved reserves and used by the Company's independent reserve engineers (considered level 3 inputs within the fair value hierarchy) as at December 31, 2019 and internally adjusted to reflect updated price assumptions as of March 31, 2021. The Company used a similar approach for its test as at December 31, 2020.

The following commodity price estimates were used to determine the recoverable amount as at March 31, 2021:

Year	WTI Cushing Ok (US\$/bbl)	Western Canadian Select (C\$/bbl)	US\$ to C\$ Foreign exchange rate
2021	46.00	43.51	0.77
2022	48.00	46.10	0.77
2023	53.00	52.60	0.77
2024	54.06	53.65	0.77
2025	55.14	54.72	0.77
2026	56.24	55.82	0.77
2027	57.37	56.93	0.77
2028	58.52	58.07	0.77
2029	59.69	59.23	0.77
2030	60.88	60.42	0.77
Thereafter	+2% per year	+2% per year	0.77

7. Financial Liabilities and Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due, under both normal and unusual conditions without incurring unacceptable losses or jeopardizing the Company's business objectives. The Company's liquidity is dependent on the Company's expected business growth and changes in its business environment. The Company manages this risk by continuously monitoring forecast and actual cash flows from operating, financing, and investing activities and opportunities to extend or modify its existing debt facility or to issue additional equity. The Company will continue to manage its capital expenditures to reflect current financial resources in the interest of sustaining long-term viability. Estimated undiscounted cash outflows relating to financial liabilities as at March 31, 2020 were as follows:

	Undiscounted amount	Less than 1 year	1 - 3 years	4 – 5 years
Accounts payable and accrued liabilities	\$5,626,269	\$5,626,269	\$-	\$-
Promissory notes	1,025,000	1,025,000	-	-
Government loan	40,000		40,000	
Term loan	1,850,000	1,850,000	-	-
Financial liabilities	\$8,541,269	\$8,501,269	\$40,000	\$-

8. Term Loan

On July 15, 2019, the Company completed an arrangement with its lender for a \$2,280,000 term loan, which discharged and replaced the \$2,500,000 revolving bank loan previously in place with the same lender. The term loan is principally secured by fixed and floating security interest over all present and after acquired assets of the Company. The term loan arrangement contains industry standard representation and warranties, positive and negative covenants and events of default, and does not contain financial covenants.

When entered, the term loan bore interest at a rate of prime plus 1.25% per annum, was payable in full on demand by the lender, and required the Company to make the monthly principal payments up until May 31, 2020, when the term loan was scheduled to be repaid in full. On December 11, 2019, the Company and its lender entered into an amending agreement whereby the scheduled borrowing base determination date was extended from November 30, 2019 to January 31, 2020, the interest rate was raised to prime plus 3.5% per annum, and it was agreed upon that the Company shall make principal payments of \$240,000 per month commencing February 29, 2020 until the term loan was repaid in full.

In 2020, the Company and its lender entered into a series of amending agreements with respect to its term loan. The latest amendment, effective September 29, 2020, deferred the borrowing base determination date and confirmed all outstanding amounts under the term loan

to be due and payable in full on October 30, 2020. On December 2, 2020, the Company's lender issued a notice of default to the Company's for its failure to repay all amounts outstanding under its term loan, including the remaining \$1,850,000 million in principal plus accrued interest. Coinciding with the notice of default the interest rate on the term loan bore interest at a rate of prime plus 5% per annum. The term loan is due on demand and is currently classified under current liabilities on the statement of financial position.

9. Convertible Debentures and Obligation Debentures

On May 28, 2018, the Company provided all shareholders and its Managing Director the opportunity to subscribe for an aggregate of \$7,503,000 in convertible debentures and executed an agreement for 5,426 committed convertible debentures ("Obligation Debentures"), as described in further detail in note 7(b). The Company did not issue any convertible debentures during the three months ended March 31, 2021. Since being introduced, the Company has issued a total of 6,577 convertible debentures.

(a) Convertible debentures

The key terms of the convertible debentures are as follows:

- issuable only in denominations of \$1,000 or multiples thereof
- mature on the occurrence of a liquidity event, with a qualifying liquidity event including, but not limited to:
 - (i) an amalgamation, arrangement, merger, or other similar transaction wherein all issued and outstanding common shares are sold for cash and/or securities, or which results in all of the Company's common shares being listed on a stock exchange
 - (ii) a sale of all or substantially all of the property and assets of the Company for consideration consisting of cash and/or securities and the subsequent distribution of all of such consideration to all common shareholders, on a pro rata basis;
 - (iii) the liquidation, dissolution or winding up of the Company;
 - (iv) a public offering; and
 - (v) any combination of the events or circumstances described in subsections (i), (ii), (iii) or (iv) above.
- the debentures bear interest at a fixed rate of 8.00% per annum compounded quarterly and payable in arrears on the occurrence of a liquidity event,
- upon the occurrence of a liquidity event, the Company shall:
 - (i) satisfy its obligation to pay all accrued and unpaid interest through a cash payment; and
 - (ii) at the election of the holder of each convertible debenture, repay all or any portion of the face value of the convertible debenture by cash payment and/or by issuing and delivering common shares at a deemed price of \$0.05 per common share;

The convertible debentures represent the Company's obligation to deliver a variable number of its own equity instruments upon a liquidity event. Management has determined that the liquidity event is a contingent settlement provision that the Company has control over. As such, the convertible debentures have been classified as equity net of issue costs. If a liquidity event occurred on March 31, 2020 and the convertible debentures were converted to common shares, 131,540,000 additional shares of the Company would have been issued. Furthermore, had the Company issued the entire subscription of convertible debentures (\$7,503,000 in aggregate since inception) in the current quarter and converted them to common shares, a total of 150,060,000 additional shares of the Company would have been issued and Kaisen would have received an additional \$926,000 of cash. As at March 31, 2021, the total face value of the convertible debentures plus accrued undeclared interest was \$8,005,000.

(b) Obligation debentures

Concurrent with the initial convertible debenture issuance, on May 28, 2018 the Company entered into an agreement with the subscriber for 5,426 committed Obligation Debentures, which require the subscriber to subscribe for and purchase, and for the Company to issue and sell, the remaining \$5,426,000 in convertible debentures two years from the date of issuance or at the Company's discretion. On May 28, 2020 the agreement expired with the remaining Obligation Debentures expiring unexercised.

10. Financial Derivatives and Market Risk Management

Management of cash flow variability is an integral component of the Company's business strategy. Changing business conditions are monitored regularly and, where material, reviewed with the Board of Directors to establish risk management guidelines to be used by Management. The risk exposure inherent in the movement of the price of crude oil and natural gas prices and fluctuations in foreign exchange rates are all proactively reviewed by the Company and may be managed through the use of derivative contracts as considered appropriate.

(a) Commodity price risk

The Company is exposed to commodity price movements as part of its operations. The Company maintains a risk management strategy to protect funds flow from operations from the volatility of commodity prices. The Company's strategy focuses on the use of puts, costless collars, swaps or fixed price contracts to limit exposure to fluctuations in commodity prices. The last of the Company's risk management contracts expired on December 31, 2020.

(b) Interest rate risk

The only liability on the Company's balance sheet exposed to fluctuations in interest rates is the term loan. Based upon the Company' term debt at March 31, 2021, an increase or decrease in net earnings for the current quarter for each 1% change in interest rates would amount to \$18,500 (2019 - \$7,500).

(c) Foreign currency risk

The Company does not sell or transact in any foreign currency except the Company's commodity prices are largely denominated in United States dollars. As a result, the prices that the Company receive are affected by fluctuations in the exchange rates between the US dollar and the Canadian dollar. The exchange rate effect cannot be quantified, but generally an increase in the value of the Canadian dollar compared to the US dollar will reduce the prices received by the Company for its crude oil and natural gas sales. The Company had no foreign exchange forward rate contracts in place as at or during the period ended March 31, 2021.

11. Capital Management

The Company's policy is to maintain a strong capital base to provide flexibility in the future development of the business and to maintain the confidence of investors and lenders. The Company periodically reviews certain quantitative measures of its capital structure to understand its position relative to industry peers but does not set certain limits or ranges with respect to these quantitative measures. The Company is not subject to any external restrictions on its capital structure. Management closely monitors debt leverage to ensure the Company maintains financial flexibility and balance sheet strength sufficient to manage unforeseen events and opportunities as they arise.

12. Net Finance Expenses

The following table summarizes net finance expenses recorded during the three months ended March 31, 2021 and 2020:

	Three months ended	
	2021	March 31, 2020
Interest expense on term and bank loans	\$33,984	\$33,239
Interest expense on promissory notes	17,528	-
Accretion of decommissioning obligations	59,147	64,355
Capital lease interest expense and other	-	163
Net finance expenses	\$110,659	\$97,757

13. Decommissioning and Other

The total future decommissioning obligations were estimated by Management based on the expected cost to reclaim and abandon its net ownership interest in well sites and facilities and the estimated timing of the costs to be incurred in future periods. Decommissioning obligations acquired as part of an acquisition are initially measured at fair value using a credit-adjusted risk-free rate. Management estimates the total undiscounted amount of cash flows required to settle its decommissioning obligations at March 31, 2021 is \$12.8 million, which will be incurred over the next 10-15 years with the majority of costs incurred between 2021 and 2026. The Bank of Canada's long-term risk-free rate of 1.9% and an inflation rate of 2.0% (December 31, 2020 – 1.2% and 2.0% respectively) were used to calculate the present value of the decommissioning obligation at March 31, 2021.

A reconciliation of the changes to the decommissioning obligations during the periods is as follows:

	March 31, 2021	December 31, 2020
Balance, beginning of period	\$12,452,020	\$11,874,113
Liabilities incurred	-	-
Accretion	59,147	189,354
Change in estimate	(968,854)	388,553
Balance, end of period	\$11,542,313	\$12,452,020

14. Share Capital

(a) Issued and Outstanding Common Shares

The Company is authorized to issue an unlimited number of voting common shares and an unlimited amount of special voting shares. The following table is a continuity schedule of the Company's common shares outstanding and share capital:

	Number of Shares	Amount
March 31, 2021 and December 31, 2020	45,420,029	\$53,189,854

(b) Share Based Compensation

The Company's stock option plan allows for the granting of options to directors, officers, employees and contractors serving in capacity of employees of the Company. The exercise price of each option shall be fixed by the Board of Directors when such option is granted, provided that from and after the date that the common shares are listed on a stock exchange (an "Exchange"), such price shall not be less than the price permitted by such Exchange. Unless otherwise determined by the Board of Directors, vesting typically occurs one third on each of the next three anniversaries of the date of the grant as recipients render continuous service to the Company, and the share options typically expire five years from the date of the grant. The maximum number of common shares issuable on the exercise of outstanding share options at any time is limited to 10% of the issued and outstanding common shares.

Incentive options vest quarterly over one year, expire three years from the anniversary of the grant date and each Incentive Option entitles the holder to receive one common share of the Company without the payment of an exercise price. Share options vest evenly over a three-year period and expire five years from the anniversary of the grant date. Performance warrants vest upon a qualifying liquidity event and expire five years from the grant date. During the three months ended March 31, 2021, the Company recorded share-based compensation expense of \$24,464 (2020 - \$125,755)

The follow table summarizes the Company's outstanding equity compensation units:

	March 31, 2021			December 31, 2020		
	Number of units outstanding	Weighted average exercise price (\$ per share)	Weighted average remaining life (years)	Number of units outstanding	Weighted average exercise price (\$ per share)	Weighted average remaining life (years)
Issued						
Incentive options	10,500,000	-	0.3	10,500,000	0.05	
Share options	10,100,000	0.05	2.4	10,100,000	0.05	2.6
Performance warrants	28,540,000	0.34	2.1	28,540,000	0.34	2.4
Units outstanding	49,140,000	0.21	1.8	49,140,000	0.21	
Exercisable						
Incentive options	10,500,000	-	0.7	6,250,000	0.5	1.0
Share options	6,200,000	0.05	2.3	6,200,000	-	2.5
Performance warrants	-	-	-	-	-	-
Units outstanding	16,700,000	0.02	1.3	12,450,000		1.1

15. Net loss per Common Share

	Three months ended	
	2021	March 31, 2020
Net loss	\$(596,278)	\$(12,208,307)
Weighted number of average common shares outstanding:		
Basic and diluted	45,420,029	45,420,029
Basic and diluted net loss per share	\$(0.01)	\$(0.27)

For the purpose of calculating net loss per diluted share for the three months ended March 31, 2021 and 2020, none of the outstanding options, performance warrants, incentive options, or convertible debentures are included as these instruments are anti-dilutive.

16. Supplemental Cash Flow Information

The net change in non-cash working capital is comprised of:

	Three months ended	
	2021	March 31, 2020
Accounts receivable	\$(172,109)	\$719,623
Prepaid expenses and deposits	22,022	53,828
Accounts payable and accrued liabilities, and other	395,391	245,555
Change in non-cash working capital	\$245,304	\$1,019,006
Related to operating activities	237,070	1,118,360
Related to investing activities	\$8,234	\$(99,354)

17. Related Party Transactions

On December 23, 2015, the Company provided a loan in the amount of \$250,000 to a shareholder on competitive commercial interest-bearing terms with a maturity period of 5 years. In 2018, a portion of the individual's severance was applied against the loan and the remaining balance of \$154,692 owing at that time was impaired. The individual is still personally liable to Kaisen for the remaining balance and the Company will continue to seek repayment in full.

The corporate secretary of the Company is a partner of the Company's legal counsel, Burnet, Duckworth & Palmer LLP ("BDP"). As at March 31, 2021, \$242,218 in related party amounts were included in accounts payable and accrued liabilities (December 31, 2020 – \$235,969).

18. Subsequent Events

a.) Subsequent to quarter end, the Company received an offer to sell a royalty interest in the Company's producing assets for a sum of C\$1 million dollars. The Company has signed a letter of intent in regards to the offer, but the deal has several contingencies that have not yet been satisfied.