Financial Statements of

TILTING CAPITAL CORP.

For the years ended September 30, 2019 and 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Tilting Capital Corp.

Opinion

We have audited the accompanying financial statements of Tilting Capital Corp. (the "Company"), which comprise the statements of financial position as at September 30, 2019 and 2018 and the statements of operations and comprehensive loss, changes in deficiency and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company has an accumulated deficit of $18,861,803 and has a working capital deficit of $313,295 as at September 30, 2019. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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.

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Davidson-co.com

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Stephen Hawkshaw.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada — Chartered Professional Accountants

November 20, 2019

Statements of Financial Position
(Expressed in Canadian dollars)
As at September 30,

	2019	2018
	$	$
Assets		
Current assets		
Cash	2,770	9,399
Receivables (Note 5)	862	517
Total Assets	3,632	9,916
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	176,927	110,651
Loans (Note 9)	140,000	125,000
	316,927	235,651
Deficiency		
Capital stock (Note 7)	15,330,608	15,330,608
Share purchase warrants reserve (Note 7)	37,832	37,832
Share-based payment reserve (Note 7)	3,180,068	3,180,068
Deficit	(18,861,803)	(18,774,243)
	(313,295)	(225,735)
Total Liabilities and Deficiency	3,632	9,916

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENT (Note 13)

Approved and authorized by the Board for issuance on November 20, 2019:

“N. Ross Wilmot” “Patrick McGrath”

N. Ross Wilmot Patrick McGrath

See accompanying notes to financial statements

Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)
For the years ended September 30,

	2019	2018
	$	$
Expenses		
Management fees (Note 10)	60,000	177,000
Professional fees	18,764	54,099
Transfer agent and filing fees	7,827	23,951
Office expenses	969	6,668
Travel and entertainment	-	24,163
Finance loss, net	-	615
Gain on settlement of debt (Note 1)	-	(83,759)
	(87,560)	(202,737)
Loss and comprehensive loss for the year	(87,560)	(202,737)
Basic and diluted weighted average number of shares outstanding	2,123,191	2,102,232
Basic and diluted loss per common share	($0.04)	($0.10)

See accompanying notes to financial statements

Statement of Changes in Deficiency
(Expressed in Canadian dollars)
For the years ended September 30,

	Number of common shares		Capital Stock		Share purchase warrants reserve		Share-based payment reserve		Deficit		Total
Balance, October 1, 2017	**2,073,191**	**$**	**15,310,608**	**$**	**37,832**	**$**	**3,180,068**	**$**	**(18,571,506)**	**$**	**(42,998)**
Issuance of shares for debt (Note 7(a))	50,000		20,000		-		-		-		20,000
Loss	-		-		-		-		(202,737)		(202,737)
Balance, September 30, 2018	**2,123,191**	**$**	**15,330,608**	**$**	**37,832**	**$**	**3,180,068**	**$**	**(18,774,243)**	**$**	**(225,735)**
Loss	-		-		-		-		(87,560)		(87,560)
Balance, September 30, 2019	**2,123,191**	**$**	**15,330,608**	**$**	**37,832**	**$**	**3,180,068**	**$**	**(18,861,803)**	**$**	**(313,295)**

See accompanying notes to financial statements.

Statements of Cash Flows
(Expressed in Canadian dollars)
For the years ended September 30,

	2019	2018
	$	$
Operating activities		
Loss	(87,560)	(202,737)
Items not affecting cash:		
Gain on settlement of debt	-	(83,759)
Net change in non-cash working capital		
Increase (decrease) in receivables	(345)	6,107
Increase (decrease) in accounts payable and accrued liabilities	66,276	(3,604)
Net cash used in operating activities	(21,629)	(283,993)
Financing activities		
Proceeds from loans (Note 9)	15,000	125,000
Net cash from financing activities	15,000	125,000
Decrease in cash	(6,629)	(158,993)
Cash - beginning of year	9,399	168,392
Cash - end of year	2,770	9,399

Supplemental cash flow information

	2019	2018
Cash paid for interest	$ -	$ 838
Cash received for interest	-	223
Cash paid for taxes	-	-
Common shares issued for debt (see Note 7(a))	-	20,000

See accompanying notes to financial statements

1. Nature of Operations and Going Concern

Tilting Capital Corp. (the "Company") was incorporated under the laws of the Province of British Columbia and continued under the Canada Business Corporation Act. The Company is currently listed on the NEX board of the TSX Venture Exchange ("TSXV"). The principal business of the Company is the identification and evaluation of assets or a business with a view to completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.

The registered address and records office of the Company are located at 1500 West Georgia Street, 13th Floor, Vancouver BC, V6G 2Z6.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations. These financial statements do not include adjustments or disclosures that may result from the Company's inability to continue as a going concern. If the Company is unable to continue as a going concern, adjustments may be necessary in the carrying value of assets and liabilities, the reported net losses and statement of financial position classifications used, and such adjustments could be material.

The Company has not yet realized profitable operations, has relied on non-operational sources of financing to fund operations, has an accumulated deficit of $18,861,803 and has a working capital deficit of $313,295 as at September 30, 2019 (2018 – $225,735). These conditions cast significant doubt on the validity of the going concern assumption. The Company's ability to continue as a going concern is dependent on its ability to obtain the necessary financing and to ultimately generate profitable operations. The Company must secure additional financing to fund its operations.

During the year ended September 30, 2018, the Company settled various creditors debt through the payment of $45,000 cash and recorded a resulting gain of $83,759.

2. Basis of Presentation

Statement of compliance

These financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

On May 7, 2018, the Company consolidated its issued share capital on a ten (10) old for one (1) new basis. All share and per share amounts in these financial statements have been adjusted to give retroactive effect to the share consolidation.

Use of Accounting Estimates and Judgements

The preparation of these financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

(i) Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

2. Basis of Presentation (continued)

Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires judgements related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

(ii) Critical accounting judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the following:

Evaluation of going concern

The preparation of the financial statements requires management to make judgements regarding the going concern of the Company as previously discussed in Note 1.

3. Significant Accounting Policies

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. Significant Accounting Policies (continued)

Foreign exchange

The presentation currency for the Company is the Canadian dollar. The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for the Company and its subsidiary to be the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations. The Company does not have any non-monetary assets denominated in a foreign currency.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Earnings (Loss) per share

The Company recognizes the dilutive effect on earnings (loss) per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. When a loss per share calculation based on the fully diluted number of shares would be less than the loss per share calculated on the basic number of shares, diluted losses per share is anti-dilutive and accordingly, the diluted loss per share would be the same as the basic loss per share.

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period.

3. Significant Accounting Policies (continued)

Earnings (Loss) per share (continued)

The effect of potential issuances of shares from the exercise of outstanding options would be anti-dilutive for the periods presented, and accordingly, basic and diluted loss per share are the same.

Share-based payment

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period as expense, with a corresponding increase in equity. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Financial instruments

Recognition

The Company recognizes financial assets and liabilities on the date that the Company has become a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories:

(i) those to be measured subsequently at fair value, either through other comprehensive income, or through profit or loss; and

(ii) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income or loss.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company has implemented the following classifications:

- Cash is classified as an asset at fair value and any period end change in fair value is recorded in profit or loss.

- Receivables are classified as an asset at amortized cost.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

- Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method. Interest expense is recorded in profit or loss.

- Loans are classified as other financial liabilities and measured at amortized cost using the effective interest rate method. Interest expense is recorded in profit or loss.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken to profit and loss or other comprehensive income or loss (an irrevocable election at the time of recognition).

The Company also provides disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritized their significance. Three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of receivables, accounts payable and accrued liabilities and loans approximate their fair values due to their short-term to maturity.

Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

See Note 4 for additional information on the classification of the Company's financial instruments.

Changes in current and future accounting standards

During the current year the Company adopted IFRS 9 and IFRS 15. The Company has adopted these amended standards without any significant effect on its financial statements.

3. Significant Accounting Policies (continued)

Changes in current and future accounting standards (continued)

Certain new standards issued that may impact the Company are described below. The Company intends to adopt these standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

The Company does not expect the impact of the changes on the financial statements from the adoption of this standard to be material.

IFRS 16: New standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. This standard is effective for the annual periods beginning on or after January 1, 2019.

4. Changes in Accounting Policies

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

IFRS 9, Financial instruments ("IFRS 9")

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, Financial instruments: recognition and measurement ("IAS 39"). There was no material impact to the Company's consolidated financial statements as a result of transitioning to IFRS 9 on October 1, 2018.

Classification and measurement of financial assets and liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 financial assets categories of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets and liabilities is set out as follows:

A financial asset is classified as measured at amortized cost, FVTPL or FVTOCI. The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. Financial assets and liabilities are classified as follows:

	IAS 39 Classification	IFRS 9 Classification
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Accounts payables and accrued payables	Other financial liabilities	Amortized cost

4. Changes in Accounting Policies (continued)

IFRS 9, Financial instruments ("IFRS 9") (continued)

Impairment of financial assets

An ECL model applies to financial assets measured at amortized cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of accounts receivable.

The adoption of the ECL impairment model had a negligible impact on the carrying amounts of the Company's financial assets on the transition date given the receivables are all current and the minimal historical level of default.

5. Receivables

The Company's receivables consist of the goods and services tax ("GST") which is recoverable from the tax authorities in Canada.

6. Financial Instruments

Financial instruments recognized on the statement of financial position consist of cash, receivables, accounts payable and accrued liabilities and loans.

The carrying amounts on the statement of financial position for receivables, accounts payable and accrued liabilities, and loans approximate their fair values due to the immediate or short-term maturities of these financial instruments.

The Company's other financial instruments, cash, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets.

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at September 30, 2019:

(a) Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and receivables. The Company limits its exposure to credit risk by placing its cash with high quality financial institutions. The Company's receivables consist of input tax credit refunds from the federal government and as such, the Company believes the risk to be minimal.

(b) Currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign exchange risk on its cash and accounts receivable or its obligations under accounts payable and accrued liabilities, and loans.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. As at September 30, 2019, the Company had a working capital deficit of $313,295 including cash of $2,770 to settle current liabilities of $316,927.

6. Financial Instruments (continued)

The Company plans to seek an additional equity or debt financing to fund its general working capital over the next twelve months. There can be no assurance that any additional financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs until the Company acquires an operating business or achieves positive cash flow.

d) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is not exposed to any significant interest rate risk.

(e) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company occasionally maintains certain investments in marketable securities which are measured at fair value, being the closing price of each equity investment at the end of the reporting period and would be exposed to changes in share prices which would result in gains and losses being recognized in profit or loss.

7. Capital Stock and Reserves

(a) Authorized

Common shares

The Company is authorized to issue an unlimited number of common shares without par value.

There were no shares issued during the year ended September 30, 2019.

On May 7, 2018, the Company's consolidated its issued share capital on a ten (10) old for one (1) new basis. All share and per share amounts in these financial statements have been adjusted to give retroactive effect to the share consolidation.

During the year ended September 30, 2018, the Company issued 50,000 common shares to the former Chief Executive Officer ("CEO") with a fair value of $20,000 to settle debt.

(b) Share Purchase Options

The Company has reserved up to 10% of the issued common shares for issuance under the plan. The exercise price and the vesting terms are determined by the Board of Directors. The exercise price is at least equal to the market price of the common shares at the date of the grant and the term may not exceed 10 years from the date of grant. During the years ended September 30, 2019 and 2018, no stock options were granted.

	Number of Options	Exercise price
Balance September 30, 2017	178,400	$ 1.27
Options expired and forfeited	(178,400)	$ 1.27
September 30, 2018, and 2019	-	-

8. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprising issued capital stock, reserves and deficit.

The Company is not subject to externally imposed capital requirements. The Company does not pay dividends. There were no changes to the Company's capital management strategies during the years ended September 30, 2019.

The Company intends to raise additional working capital as required by the issuance of its common shares or units consisting of common shares and warrants to purchase common shares in the future.

9. Loans

During the year ended September 30, 2018, the Company received loan proceeds of $45,000 from the current CEO of the Company (Note 10) and a further $80,000 from a shareholder of the Company to pay minimum sustaining costs of the Company. During the year ended September 30, 2019, the Company received further loan proceeds of $15,000 from the shareholder of the Company. The loans are non-interest bearing and have no repayment date.

10. Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the years ended September 30, 2019 and 2018 are as follows:

	2019	2018
Management fees (current CEO)	$ 60,000	$ 60,000
Management fees (former CEO)	-	117,000
	$ 60,000	$ 177,000

As at September 30, 2019, $123,000 (2018 - $60,000) was owing to the current CEO for accrued management fees and was included in accounts payable and accrued liabilities.

As at September 30, 2019, $45,000 (September 30, 2018 - $45,000) was owing to the CEO and included in loans (Note 9). The loan is non-interest bearing and has no repayment date.

During the year ended September 30, 2018, the Company entered into a Mutual Release Agreement, as amended, (the "Agreement") with SPH Advisors Ltd. and its principal Scott Hayduk, whereby Mr. Hayduk would resign as the Company's CEO, CFO and director in return for the settlement of all outstanding obligations to SPH Advisors Ltd. Payment to Mr. Hayduk included $75,000 in cash and the issuance of 50,000 common shares (Note 7(a)) which was included in management fees.

11. Segmented Information

The Company conducts all of its operations in Canada.

12. Income Taxes

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	2019	2018
Net loss before income taxes	$ (87,560)	$ (202,737)
Expected income tax expense (recovery) at statutory tax rates	$ (24,000)	$ (54,000)
Permanent differences	-	3,000
Impact of future income tax rates applied versus current statutory rate and other	-	(91,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	-	(64,000)
Change in unrecognized deductible temporary differences	24,000	206,000
Total deferred tax recovery	$ -	$ -

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been re-measured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the statements of financial position are as follows:

	2019	Expiry Dates	2018	Expiry Dates
Non-capital losses	$ 2,759,000	2029-2039	$ 2,671,000	2029-2037
Allowable capital losses	6,673,000	N/A	6,673,000	N/A
	$ 9,432,000		$ 9,344,000	

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. Subsequent event

Subsequent to the year ended September 30, 2019, the Company closed a private placement of 1,000,000 common shares for gross proceeds of $90,000.