

ADDED CAPITAL INC.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2019 AND 2018**

**(Expressed in Canadian Dollars)
(Unaudited)**

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated interim financial statements in accordance with the International Financial Reporting Standards established by the International Accounting Standards Board for a review of interim financial statements by an entity's auditor.

Signed: " Michael Lerner "		Signed: " Balu Gopalakrishnan "
Chief Executive Officer		Chief Financial Officer

Toronto, Ontario
March 2, 2020

ADDED CAPITAL INC.
Condensed Consolidated Interim Statements of Financial Position (unaudited)
(Expressed in Canadian Dollars)
As at

	<u>December 31, 2019</u>	<u>March 31, 2019</u>
ASSETS		
CURRENT		
Cash	\$ 3,545	\$ -
Cash held in escrow	1,001,310	
TOTAL CURRENT ASSETS	<u>1,004,855</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,004,855</u>	<u>\$ -</u>
LIABILITIES		
CURRENT		
Short-term loans payable (Notes 3 and 10)	\$ 1,127,251	\$ 1,042,251
Accounts payable and accrued liabilities (Note 10)	1,034,182	1,100,637
Liability for cash held in escrow (Note 4)	1,005,265	-
TOTAL CURRENT LIABILITIES	<u>3,166,698</u>	<u>2,142,888</u>
NON CURRENT LIABILITIES		
Other liabilities (Note 11)		
TOTAL NON CURRENT LIABILITIES	<u>525,769</u>	<u>525,769</u>
TOTAL LIABILITIES	<u>3,692,467</u>	<u>2,668,657</u>
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 5(a))	4,016,634	4,016,634
Warrants (Note 5(f))	260,972	312,952
Contributed surplus (Note 5(g))	1,848,632	1,796,652
Deficit	<u>(8,813,850)</u>	<u>(8,794,895)</u>
TOTAL SHAREHOLDERS' DEFICIENCY	<u>(2,687,612)</u>	<u>(2,668,658)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	<u>\$ 1,004,855</u>	<u>\$ -</u>
GOING CONCERN (Note 1)		
PROVISIONS AND CONTINGENCIES (Note 8)		

APPROVED BY THE BOARD

"Michael Lerner"

Director

"Balu Gopalakrishnan"

Director

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

ADDED CAPITAL INC.**Condensed Consolidated Interim Statements of Operations and Comprehensive (Loss) (unaudited)****(Expressed in Canadian Dollars)****For the three months and nine months ended December 31, 2019 and 2018**

	Three months ended		Nine months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
REVENUES				
Financial advisory	\$ -	\$ -	\$ -	\$ 9,779
Other	-	84	-	1,065
TOTAL REVENUES	-	84	-	10,844
OPERATING EXPENSES				
General and administrative	8,955	57,624	18,955	184,102
TOTAL OPERATING EXPENSES	8,955	57,624	18,955	184,102
(Loss) before the undernoted	(8,955)	(57,540)	(18,955)	(173,258)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (8,955)	\$ (57,540)	\$ (18,955)	\$ (173,258)
EARNINGS PER SHARE – Basic and diluted (Note 7 (e))	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – Basic and diluted	17,027,933	17,027,933	17,027,933	17,027,933

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

ADDED CAPITAL INC.**Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency (unaudited)****(Expressed in Canadian Dollars)****For the nine months ended December 31, 2019 and 2018**

	Common Shares #	Common Shares \$	Warrants \$	Contributed Surplus \$	Deficit \$	Shareholders' (Deficiency) \$
Balance, March 31, 2018	17,027,933	4,016,634	312,952	1,796,652	(8,614,854)	(2,488,616)
Net (loss) and comprehensive (loss)	-	-	-	-	(173,258)	(173,258)
Balance, December 31, 2018	17,027,933	4,016,634	312,952	1,796,652	(8,788,112)	(2,661,874)
Balance, March 31, 2019	17,027,933	4,016,634	312,952	1,796,652	(8,794,895)	(2,668,657)
Expiry of warrants	-	-	(51,980)	51,980	-	-
Net (loss) and comprehensive (loss)	-	-	-	-	(18,955)	(18,955)
Balance, December 31, 2019	17,027,933	4,016,634	260,972	1,848,632	(8,813,850)	(2,687,612)

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

ADDED CAPITAL INC.
Condensed Consolidated Interim Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)
For the nine months ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the period	\$ (18,955)	\$ (173,258)
Movements in working capital:		
Securities owned	-	18,000
Accounts payable and accrued liabilities	(66,455)	119,453
Cash flows (used in) from operating activities	<u>(85,410)</u>	<u>(35,805)</u>
 CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Repayment of short-term loans	-	(18,610)
Liability for cash held in escrow	1,005,265	
Increase in short term loans	85,000	53,155
Cash flows from (used in) financing activities	<u>1,090,265</u>	<u>34,545</u>
 CHANGE IN CASH	 1,004,855	 (1,260)
CASH, BEGINNING OF PERIOD	<u>-</u>	<u>1,286</u>
CASH, END OF PERIOD	<u>\$ 1,004,855</u>	<u>\$ 26</u>

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Added Capital Inc. (“Added” or the “Company”) ceased revenue producing merchant banking activities during 2019 and is currently evaluating potential future opportunities. Prior to December 31, 2012, the Company carried on a traditional brokerage and investment banking business through Northern Securities Inc. (“NSI”), which was a member firm of the Investment Industry Regulatory Organization of Canada (“IIROC”). The Company is governed by the Business Corporations Act (Ontario) and its common shares are listed on the TSX Venture Exchange under the symbol “AAD”. The address of its registered office is 1 Adelaide Street East, Suite 801, Toronto, Ontario, Canada, M5C 2V9.

Going concern

These consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Certain matters existing as at December 31, 2019, including a working capital deficiency, substantial loans, and NSI’s discontinued operations represent material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

As at December 31, 2019, the Company’s working capital deficiency is \$2,161,843, which includes substantial loans that have not been repaid (Note 3).

NSI assigned its client accounts to other brokerage firms pursuant to a consent order, agreed upon with IIROC, issued by an IIROC Hearing Panel on December 14, 2012. On March 19, 2013, NSI and IIROC entered into a settlement agreement which provided for the suspension of NSI as an IIROC member. The suspension from IIROC and assignment of client accounts to other brokerage firms resulted in NSI’s business being recorded as discontinued.

The Company is no longer an IIROC member as its membership was terminated with the consent of IIROC and the Company. However, the Company continues to have the ability to carry on the following businesses: corporate finance, mergers and acquisition advisory, and research.

The Company is in the process of restructuring its debt. Despite the restructuring items that have taken place, the Company continues to have a need for further restructuring, profit from operations or additional financing. There is no assurance that these items will take place or be available to the Company. Management has considered expectations for future profitability and believes that the Company will continue in operation for the foreseeable future and will be able to restructure or satisfy its liabilities and commitments in the normal course of business, and accordingly, it is appropriate to prepare these financial statements on a going concern basis. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary in the carrying values of assets and liabilities, the reported net income and the statement of financial position classifications used. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim financial statements, including comparative periods, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), including IAS 34, Interim Financial Reporting.

These financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency. These financial statements are presented on a historical cost basis unless an item is reported at fair value, and is presented on an accrual basis, except for cash flow information.

These consolidated financial statements were authorized for issuance by the Company’s Board of Directors on March 2, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of consolidation

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. These consolidated financial statements include the accounts of the Company and all its subsidiaries with its principal subsidiaries being NSI and Red Light Holland Financing Inc. Intercompany accounts and balances are eliminated upon consolidation.

Cash and cash equivalents

The Company considers all highly liquid debt instruments with an original maturity date of three months or less to be cash equivalents. As at December 31, 2019 the Company has \$3,545 in cash and \$1,001,310 of cash held in escrow (note 4). As at December 31, 2019, the Company did not have any cash equivalents.

Financial instruments – recognition and measurement

All financial instruments are classified into one of five categories: fair value through profit and loss, held to maturity, loans and receivables, available-for-sale financial assets and other financial liabilities. Financial instruments are measured on initial recognition at fair value, and, in the case of financial instruments other than those classified as “fair value through profit and loss”, directly attributable transaction costs.

Subsequent measurement and changes in fair value will depend on their initial classification, as follows:

- Fair value through profit and loss financial instruments are measured at fair value with changes in fair value recognized through profit or loss;
- Available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income until the financial asset is derecognized or impaired at which time the amounts would be recorded in profit or loss; or
- Loans and receivables, held to maturity investments, and other financial liabilities are measured at amortized cost using the effective interest rate method.

The Company has classified its financial instruments as follows:

Cash and accounts receivable are classified as loans and receivables. Securities owned and derivatives are classified as fair value through profit and loss. Short-term loans payable and accounts payable and accrued liabilities are classified as other financial liabilities.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment losses recorded. Depreciation is provided using the following annual rates and methods:

Furniture and fixtures	20% declining balance
Leasehold improvements	20% declining balance
Computer equipment	30% - 50% declining balance
Works of art	Not amortized

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets, such as property and equipment, to determine whether there is an indication of an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized immediately in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the assets is increased to the revised estimate of its recoverable amount to the extent that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been previously recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(a) Securities trading transactions

Securities transactions, commissions and related clearing expenses are recorded on a trade date basis when the services are performed.

(b) Financial advisory fees

Financial advisory fees consist of management and advisory fees. Revenue from mergers and acquisitions and other corporate finance activities are recorded when the underlying transaction is substantially completed and collection of funds is reasonable assured under the engagement terms and the related revenue is reasonably determinable. Management and advisory fees are recognized on an accrual basis.

(c) Interest income

Interest income is recorded when earned.

(d) Broker warrants

Broker warrants received by the Company in respect of underwriting activities are initially measured at fair value using the Black-Scholes model. Broker warrants are classified as fair value through profit and loss and subsequent changes in fair value are recorded as revenue.

Derivatives

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit and loss. Changes in the fair value of separable embedded derivatives are recognized immediately in the consolidated statements of operations. The Company's sharing of profits based on financial instrument price is considered an embedded derivative.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is recognized in the same statement in which the related item is recognized.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the reporting date, and any adjustments to tax payable in respect to previous years. Current tax assets and liabilities are offset when the Company intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and enacted and substantively enacted law by the reporting date.

Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and related to income taxes levied by the same taxation authority, and when the Company has a legal right to offset.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net income available to common shareholders by the weighted average number of shares outstanding. Diluted earnings (loss) per share is calculated by assuming that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted earnings (loss) per share calculation. The diluted earnings (loss) per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

Significant judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the year.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

(a) Valuation of financial instruments

The financial instruments of the Company are measured at fair value or amortized cost. Fair value is determined on the basis of closing market prices on the reporting date from independent sources, if available. If there is no available market price, fair value is determined using the Black-Scholes model. The inputs to the Black-Scholes model are derived from observable market data where possible, but where observable data is not available, judgment is required to establish fair value. There is inherent uncertainty and imprecision in estimating the factors that can affect fair value when observable data is not available.

(b) Income and other taxes

Accruals for tax liabilities require management to make estimates and judgments with respect to the ultimate outcome of tax filings and assessments. Actual results could vary from these estimates. Deferred tax assets are recognized to the extent that the Company believes it is probable that the assets can be recovered. Deferred tax assets and liabilities are recorded using substantively enacted future tax rates. Accordingly, the actual income and other tax liabilities and deferred tax assets may differ significantly from that estimated and recorded.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment

The carrying value of property and equipment is reviewed each reporting period to determine whether there is an indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in net income. The assessment of recoverable amount requires the use of estimates and assumptions for discount rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of the assets could impact the impairment analysis.

(d) Provisions and contingencies

Provisions are recorded by the Company when it has determined that it has a present obligation, whether legal or constructive, and that it is probable that an outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are recorded based on management's best estimates of timing, and quantum of future outflows. See Note 8.

(e) Going concern

For further information regarding going concern refer to Note 1.

Accounting policies adoptions and changes

IFRS 16 – Leases – The standard was issued by the IASB on January 13, 2016, and replaced IAS 17, "Leases". IFRS 16 brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard became effective for annual periods beginning on or after January 1, 2019. This standard had no impact as the Company does not have any leases.

3. SHORT-TERM LOANS PAYABLE

As at December 31, 2019, the Company has an unsecured term loan outstanding in the amount of \$85,000 (March 31, 2019 – \$Nil) owing from shareholders. These loans are not interest bearing.

As at December 31, 2019, the Company has an unsecured term loan outstanding in the amount of \$200,000 (March 31, 2019 – \$200,000) owing to an arm's length lender. The loan bore interest at a rate of 12%, matured on March 31, 2013, and is unsecured. The lender agreed to waive all historical and future interest on the loan. During the year ended March 31, 2018 an additional \$78,868 was advanced to the Company which was repaid by way of an advance from Alboini. There is no current repayment date on the loan.

As at December 31, 2019, the Company had unsecured loans outstanding with a former director of the Company in the amount of \$400,000 and an unsecured demand loan outstanding in the amount of \$100,000 (March 31, 2019 – \$400,000 and \$100,000, respectively). The demand loan became payable in full on June 12, 2013. The lender agreed to waive all historic and future interest on the loans. There is no current repayment date on the loans.

The Company had unsecured loans outstanding in the amount of \$342,251 as at December 31, 2019 (March 31, 2019 – \$322,999) owing to Alboini and Stature Inc. ("Stature"), a company wholly-owned by Alboini. Alboini and Stature agreed to waive all historic and future interest on the loans. There is no current repayment date on the loans.

4. LIABILITY FOR CASH HELD IN ESCROW

On October 8, 2019 the Company incorporated Red Light Holland Financing Inc. ("RLH") (under the laws of the province of Ontario), a wholly owned subsidiary of the Company, for the purpose of completing a business combination (the "RTO") to which RLH would be the resulting issuer ("Resulting Issuer"). Funds held in escrow relate to the \$702,878 of restricted funds and \$298,432 of non-restricted funds of RLH raised through subscription receipt financings (tranche 1 closed December 20, 2019, tranche 2 subsequent to the end of the quarter (note 13)). On December 20, 2019, 13,041,166 subscription receipts were issued for proceeds of \$782,470. Each subscription receipt entitles the holder to receive, without payment of additional consideration or further action on the part of the holder, one common share in the capital of the RLH. Upon completion of the RTO, each Common Share shall be exchanged for one Resulting Issuer common share. In the event the RTO does not occur or other escrow release conditions are not satisfied or waived the escrowed funds shall be returned to the holders of the subscription receipts on a pro rata basis and the subscription receipts will be cancelled without any further action on the part of the holders.

ADDED CAPITAL INC.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)
December 31, 2019 and 2018

5. CAPITAL STOCK

(a) *Share capital*

Authorized
 Unlimited number of common shares with no par value
 2,000,000 voting, convertible, redeemable, preference
 shares

Issued and outstanding
 17,027,933 common shares (note 13) \$4,068,614

Share capital activity for the nine months ended December 31, 2019 and year ended March 31, 2019, is summarized as follows:

	Common Shares #	Amount \$
Balance, March 31, 2019	17,027,933	4,016,634
Expiry of warrants	-	51,980
Balance, December 31, 2019	17,027,933	4,068,614

(b) *Stock options*

On September 26, 2014, the shareholders of the Company approved a new stock option plan (the "Plan"). The Plan's maximum number of common shares which are reserved for issuance are expressed as a percentage of the issued and outstanding common shares, rather than as a fixed number, and the Plan's aggregate reservation is restricted to 10%. As at the date hereof, 10% of the issued and outstanding common shares is 1,702,793 common shares. On August 24, 2016 the Company granted to directors, officers and employees incentive stock options to purchase an aggregate of 400,000 common shares of the Company at an exercise price of \$0.05 per share expiring on August 24, 2021 and vesting immediately. During the three months ended June 30, 2019, \$Nil was recorded as share-based compensation. During the year ended March 31, 2019, \$Nil was recorded as share-based compensation (2018 - \$Nil). The options were valued using the Black-Scholes pricing model with an expected volatility of 164%, an expected dividend yield of 0%, an expected life of 5 years and a risk free rate of 0.66%. The stock options vested immediately.

All stock options expired unexercised in the nine months ended December 31, 2019.

The following table reflects the continuity of options for the nine months ended December 31, 2019:

Expiry Date	Exercise Price	Number of Common Shares				Closing Balance
		Opening Balance	Options Granted	Options Exercised	Options Expired	
November 11, 2019	\$0.05	250,000	-	-	250,000	-
August 24, 2021	\$0.05	300,000	-	-	300,000	-
		550,000	-	-	550,000	-

The following table reflects the continuity of options for the year ended September 30, 2018:

Expiry Date	Exercise Price	Number of Common Shares				Closing Balance
		Opening Balance	Options Granted	Options Exercised	Options Expired	
November 11, 2019	\$0.05	250,000	-	-	-	250,000
August 24, 2021	\$0.05	300,000	-	-	-	300,000
		550,000	-	-	-	550,000

No options were outstanding or exercisable as at December 31, 2019.

5. CAPITAL STOCK (CONTINUED)

(c) *Employee share purchase plan*

On September 25, 2006, the shareholders of the Company approved the establishment of an employee share purchase plan ("ESPP"). The ESPP allows qualifying employees to purchase common shares of the Company equal to 8% of their annual compensation to a maximum amount of \$8,000 per year, unless the Board of Directors waives the individual maximum. The Company matches the number of shares purchased at no additional cost to the employee over a three-year vesting period or such other period determined by the Board of Directors.

There were no purchases under the ESPP for the periods ended December 31, 2019 and 2018. The Company intends to satisfy its historic ESPP obligation of 188,094 shares which include matching shares by acquiring shares in the market on behalf of participants in the ESPP.

(d) *Financings*

The Company did not issue shares in 2019 nor 2018.

(e) *Earnings per share data*

The weighted average number of common shares outstanding, used in computing basic and diluted earnings per common share for the periods ended December 31, 2019 and 2018 were:

September 30, 2019	17,027,933
September 30, 2018	17,027,933

The effect of outstanding common share purchase options and warrants on the net loss for the periods presented is not reflected as to do so would be anti-dilutive.

(f) *Warrants:*

	Warrants #	Amount \$
Balance, March 31, 2019	6,660,000	312,952
Expiry of warrants	(2,260,000)	(51,980)
Balance, December 31, 2019	4,400,000	260,972

As at December 31, 2019, warrants outstanding were as follows:

Expiry Date	Exercise Price	Warrants Outstanding and Exercisable	
		Number of Warrants	Average Remaining Contractual Life (Years)
December 12, 2021	\$0.05	4,400,000	2.2

(g) *Contributed surplus:*

Contributed surplus activity for the periods ended December 31, 2019 and 2018 is summarized as follows:

Balance, December 31, 2019 and 2018	\$ 1,796,652
-------------------------------------	---------------------

ADDED CAPITAL INC.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)
December 31, 2019 and 2018

6. CAPITAL MANAGEMENT

The Company requires capital to fund existing and future operations and meet regulatory capital requirements. The Company's policy is to maintain adequate levels of capital at all times.

The Company's capital structure includes the following:

	December 31, 2019	March 31, 2019
Short-term loans payable	\$ 1,127,251	\$ 1,042,251
Shareholders' deficiency comprised		
Share capital	4,016,634	4,016,634
Warrants	260,972	312,952
Contributed surplus	1,848,632	1,796,652
Deficit	(8,809,895)	(8,794,895)
	(\$1,556,406)	(\$1,626,406)

The Company's objectives when managing capital are to (i) provide financial capacity and flexibility in order to preserve its ability to meet its strategic objectives and financial obligations and continue as a going concern; (ii) maintain a capital structure which allows the Company to respond to changes in economic and marketplace conditions and affords the Company the ability to participate in new investments; (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders equal with the level of risk; and (iv) maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by: (i) realizing proceeds from the disposition of its investments; (ii) utilizing leverage in the form of margin loans on its investments; (iii) raising capital through loans from third party investors who seek to participate in investment opportunities; and (iv) raising capital through the issuance of securities.

The Company's capital management objectives, policies and processes have generally remained unchanged during the periods ended December 31, 2019 and 2018.

The Company is also subject to capital requirements imposed by the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of December 31, 2019, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

7. INCOME TAXES

No income taxes have been recorded in the interim periods ended December 31, 2019 and 2018 because there are adequate tax losses available to offset taxable income. The estimated taxable temporary difference valuation allowance will be adjusted in the period in which it is determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realized.

For further information on the Company's actual losses for tax purposes, refer to the March 31, 2019 audited financial statements.

8. PROVISIONS AND CONTINGENCIES

The Company is party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision has been recorded in its financial statements, where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of these matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of these legal actions, there could be a materially adverse effect on the Company's financial position, future expectations, and cash flows.

9. RISK MANAGEMENT

Fair value of financial assets and financial liabilities

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts due to their imminent or short-term maturity.

Market risk

Market risk is the risk that a change in market prices, interest rate levels, indices, liquidity and other market factors will result in losses. The Company is exposed to market risk as a result of its principal trading in equity securities and fixed income securities. Securities held for trading are valued at market and as such, changes in market value affect earnings (losses) as they occur. The Company mitigates its market risk exposure through controls to limit concentration levels. As at December 31, 2019, the Company does not hold equity securities.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments and fixed income securities held by the Company. The Company holds minimal fixed income securities and does not hedge its exposure to interest rates since the risk is very low. As at December 31, 2019, the Company no longer has interest-bearing loans.

Foreign exchange risk

Foreign exchange risk is the risk that the market value of financial instruments and the associated revenues will fluctuate due to changes in exchange rates. The Company does not use derivatives to modify the foreign exchange risk. The Company holds minimal financial instruments in foreign currencies.

Liquidity risk

Liquidity risk is the risk that results from the Company's potential inability to meet its financial obligations as they come due. The Company generates cash flow primarily from its commission and fee-based businesses as well as its investments.

The Company manages liquidity risk by reviewing the amount of cash available, on a daily basis, to ensure that it can meet its current obligations. There is no guarantee that the Company will be able to continue to meet its current obligations. See Note 1.

The Company has loans outstanding of \$1,127,251 as at December 31, 2019 (March 31, 2019 - \$1,042,251).

10. RELATED PARTY TRANSACTIONS

The Company had related party transactions with directors or officers of the Company, or companies with which they were associated, as follows:

- a) During the nine months ended December 31, 2019, Alboini and Stature provided net loan advances of \$Nil to the Company (nine months ended December 31, 2018 – net loan advances of \$35,545 to the Company), resulting in a balance of \$342,251 owing to them as at December 31, 2019 (September 30, 2018 - \$342,595). During the year ended March 31, 2014, Alboini and Stature waived all historical and future interest on their total loans to the Company. There is no current repayment date on the loans.
- b) As at December 31, 2019, the Company had \$500,000 (March 31, 2019 - \$500,000) in loans payable to an arm's length lender. The loan was assigned from a former director of the Company.
- c) Accounts payable and accrued liabilities includes \$166,312 in fees due to former officers and current and former directors as at December 31, 2019 (March 31, 2019 - \$166,312).

10. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation to key management personnel

Compensation paid or payable during the nine months ended December 31, 2019 and 2018 to persons and corporation in charge of the planning, direction and control of the Company, including executive and non-executive directors, is as follows:

	2019	2018
Fees and benefits	\$ -	\$ 132,750
Total	\$ -	\$ 132,750

11. OTHER LIABILITIES

During the year ended March 31, 2017, the Company transferred \$525,769 of accounts payable (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute barred under the Limitations Act (Ontario). The Statute-barred Claims related to expenses billed by and third party liabilities incurred by NSI which is no longer active. However, for accounting purposes under IFRS, a debt can only be removed from the Company's Statement of Financial Position when it is extinguished, meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's Statement of Financial Position as a result of the current interpretation of IFRS, but they are classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.

12. OPERATING SEGMENT INFORMATION

The management of the Company is responsible for the entire operations of the Company and considers the business to have a single operating segment. Certain operations within the single operating segment were discontinued during 2013 and presented as discontinued operations where applicable within the consolidated statement of operations and comprehensive income.

The internal reporting provided to the management of the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments in the periods ended December 31, 2019 and 2018.

13. SUBSEQUENT EVENTS

On February 7, 2020, the Company's wholly owned subsidiary, RLH, closed the second tranche of a subscription receipt financing for gross proceeds of \$1,708,704 through the issuance of 28,478,399 subscription receipts (note 4).

Effective February 13, 2020, the Company consolidated its issued and outstanding common shares on the basis of one (new) post consolidation common share for each 20 (old) pre-consolidation common shares (the "Consolidation"). The Consolidation was approved at the Company's annual and special meeting of shareholders held on May 8, 2019.