

**Gelum Capital Ltd.**  
**Condensed Interim Financial Statements**  
**For the six months ended**  
**October 31, 2020**  
**Unaudited – Prepared by Management**  
**(Expressed in Canadian Dollars)**

## **NOTICE OF NO AUDITOR REVIEW**

### **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

#### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of Gelum Capital Ltd. (the “Company”) have been prepared by and are the responsibility of the Company’s management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management’s best estimates and judgment based on information currently available.

The Company’s independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity’s auditor.

December 29, 2020

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**Gelum Capital Ltd.****Condensed Interim Statements of Financial Position****Unaudited – Prepared by Management**

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**As at October 31, 2020 and April 30, 2020**

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	Note	October 31 2020 \$	April 30, 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	21,635	9,288
Receivable	4	8,582	6,773
<b>Total assets</b>		<b>30,217</b>	<b>16,061</b>
<b>Liabilities and shareholders' deficit</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		40,715	48,548
Accounts payable to related parties	8	532,177	478,493
		<b>572,892</b>	<b>527,041</b>
<b>Non-current liabilities</b>			
Convertible note	5,8	236,106	215,582
<b>Total liabilities</b>		<b>808,998</b>	<b>742,623</b>
<b>Shareholders' deficit</b>			
Share capital	6	7,245,232	7,245,232
Shares to be issued	8	29,200	29,200
Reserves	6	5,588,580	5,588,580
Equity portion of convertible note	5	75,459	75,459
Deficit		(13,717,252)	(13,665,033)
<b>Total shareholders' deficit</b>		<b>(778,781)</b>	<b>(726,562)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>30,217</b>	<b>16,061</b>

Nature of operations and going concern

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Approved on behalf of the Board of Directors on December 29, 2020:

“Robert Kopple”

Director

“Hendrik Van Alphen”

Director

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**Gelum Capital Ltd.****Condensed Interim Statements of Changes in Shareholders' Deficit****Unaudited – Prepared by Management**

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**For the six months ended October 31, 2020 and October 31, 2019**

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	<b>Number of shares #</b>	<b>Share capital \$</b>	<b>Shares to be issued \$</b>	<b>Reserves \$</b>	<b>Equity portion of convertible Debt \$</b>	<b>Deficit \$</b>	<b>Total shareholders' deficit \$</b>
May 1, 2019	4,727,433	7,245,232	29,200	5,588,580	75,459	(13,506,220)	(567,749)
Loss and comprehensive loss for the period	-	-	-	-	-	(64,998)	(64,998)
October 31, 2019	4,727,433	7,245,232	29,200	5,588,580	75,459	(13,571,218)	(632,747)
May 1, 2020	4,727,433	7,245,232	29,200	5,588,580	75,459	(13,665,033)	(726,562)
Loss and comprehensive loss for the period	-	-	-	-	-	(52,219)	(52,219)
<b>October 31, 2020</b>	<b>4,727,433</b>	<b>7,245,232</b>	<b>29,200</b>	<b>5,588,580</b>	<b>75,459</b>	<b>(13,717,252)</b>	<b>(778,781)</b>

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

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**Gelum Capital Ltd.****Condensed Interim Statements of Loss and Comprehensive Loss****Unaudited – Prepared by Management**

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**For the six months ended October 31,**

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		Three months ended		Six months ended	
		October 31,	October 31,	October 31,	October 31,
	Note	2020	2019	2020	2019
		\$	\$	\$	\$
<b>Expenses</b>					
General and administrative expenses	8	24,200	23,256	31,696	41,971
Business development		-	415	-	600
<b>Loss from operating expenses</b>		<b>(24,200)</b>	<b>(23,671)</b>	<b>(31,696)</b>	<b>(42,571)</b>
Loss on foreign exchange		-	(70)	-	(1,539)
Interest expense		(4,986)	(5,041)	(10,027)	(10,082)
Accretion expense		(5,248)	(5,558)	(10,496)	(10,806)
<b>Loss and comprehensive loss for the period</b>		<b>(34,434)</b>	<b>(34,340)</b>	<b>(52,219)</b>	<b>(64,998)</b>
<b>Loss per share</b>					
<b>Weighted average number of common shares outstanding</b>					
- Basic #	7	<b>4,727,433</b>	4,727,433	<b>4,727,433</b>	4,727,433
- Diluted #	7	<b>4,727,433</b>	4,727,433	<b>4,727,433</b>	4,727,433
<b>Basic loss per share \$</b>	7	<b>(0.01)</b>	(0.01)	<b>(0.01)</b>	(0.01)
<b>Diluted loss per share \$</b>	7	<b>(0.01)</b>	(0.01)	<b>(0.01)</b>	(0.01)

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**Gelum Capital Ltd.****Condensed Interim Statements of Cash Flows****Unaudited – Prepared by Management**

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**For the six months ended October 31, 2020 and October 31, 2019**

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	Note	October 31, 2020 \$	October 31, 2019 \$
<b>Operating activities</b>			
Loss and comprehensive loss for the period		(52,219)	(64,998)
Adjustments for:			
Accretion expense		10,496	10,806
Accrued interest on convertible loan		10,027	10,082
Net change in non-cash working capital items	9	(5,641)	(820)
		<b>(37,337)</b>	<b>(44,930)</b>
<b>Financing activities</b>			
Advances from related parties		49,684	-
		<b>49,684</b>	<b>-</b>
<b>Decrease in cash and cash equivalents</b>		<b>12,347</b>	<b>(44,930)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>9,288</b>	<b>84,174</b>
<b>Cash and cash equivalents, end of period</b>		<b>21,635</b>	<b>39,244</b>
<b>Supplemental cash flow information</b>	9		

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**Gelum Capital Ltd.****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

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**For the six months ended October 31, 2020 and October 31, 2019**

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**1. Nature of operations and going concern**

Gelum Capital Ltd. (the "Company") was incorporated under the laws of the province of British Columbia on 8 June 1987. The principal address and registered and records office is located at Suite, 400 – 725 Granville Street, Vancouver, BC, V7Y 1G5. The Company trades under the symbol "JEM" on the Canadian Securities Exchange ("CSE")

The Company's principal business is the identification and evaluation of assets, or a business, and once identified or evaluated, to negotiate the acquisition or participation in the business.

The Company's condensed interim financial statements for the six month period ended October 31, 2020 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company has a comprehensive loss of \$52,219 for the six month period ended October 31, 2020 and has a working capital deficiency of \$542,675 at October 31, 2020.

The Company had cash and cash equivalents of \$21,635 as at October 31, 2020. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures or cease operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

**2. Significant accounting policies****(a) Basis of presentation**

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited consolidated financial statements for the year ended April 30, 2020, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements.

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on these financial statements are presented in Canadian dollars which is the functional currency of the Company.

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**Gelum Capital Ltd.****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

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**For the six months ended October 31, 2020 and October 31, 2019**

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**2. Significant accounting policies** (continued)**(b) Significant accounting policies**

Except as set out below, the accounting policies, estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent annual audited consolidated financial statements and are those the Company expects to adopt in its financial statements for the year ended April 30, 2020. Accordingly, these financial statements should be read in conjunction with the Company's most recent annual audited financial statements.

**3. Cash and cash equivalents**

Cash and cash equivalents consist of the following:

	<b>October 31, 2020</b>	April 30 2020
	<b>\$</b>	<b>\$</b>
Bank balances - US dollar	173	8,408
Bank balances - Canadian dollar	21,462	880
	<b>21,635</b>	<b>9,288</b>

**4. Receivable**

Receivable consist of the following:

	<b>October 31, 2020</b>	April 30, 2020
	<b>\$</b>	<b>\$</b>
Sales tax recoverable	8,582	6,773
	<b>8,582</b>	<b>6,773</b>

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**Gelum Capital Ltd.****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

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**For the six months ended October 31, 2020 and October 31, 2019**

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**5. Convertible note**

On October 14, 2017, the Company issued a convertible note with a principal face value of \$200,000 to two directors of the Company. The convertible note bears interest at the rate of 10% per annum, payable annually and has a maturity date of five years from the date of issuance. When the Company consolidated its share capital on a 20:1 basis effective July 30, 2018 the conversion price of the notes became \$1.00 and the exercise price of any warrants issuable on conversion of the notes became \$1.20.

On August 31, 2019, the Company amended the terms of the convertible note such that the principal amount of the notes was convertible into units of the Company at \$0.05 per unit, with each unit comprised of one common share and one share purchase warrant exercisable into a further share at \$0.06 per common share (for one year from the date of issuance of the warrant, subject to the latest exercise date being the maturity date).

The Company's convertible note is broken down as follows:

	<b>October 31, 2020</b>	April 30, 2020
	\$	\$
Proceeds received, net of transaction costs	<b>195,045</b>	195,045
Allocated to equity portion	<b>(75,459)</b>	(75,459)
Allocated to liability portion	<b>119,586</b>	119,586
Liability portion, beginning	<b>215,582</b>	173,962
Accretion expense for the period/year	<b>10,027</b>	21,565
Accrued interest	<b>10,496</b>	20,055
Liability portion, ending	<b>236,106</b>	215,582

**6. Share capital**

The authorized share capital of the Company consists of unlimited common shares without par value and unlimited preferred shares without par value. All issued shares are fully paid.

**Transactions for the issue of share capital during the six months ended October 31, 2020:**

There were no transactions for the issue of share capital during the six months ended October 31, 2020.

**Transactions for the issue of share capital during the six months ended October 31, 2019:**

There were no transactions for the issue of share capital during the six months ended October 31, 2019.

**Stock options**

On December 19, 2016, the Company adopted a formal Stock Option Plan (the "Option Plan"). Under the Option Plan, the exercise price of each option must not be less than the greater of the closing market price of the underlying securities on (a) the trading day prior to the date of grant and (b) the date of the grant of the stock options. The options can be granted for a maximum term of five years. The maximum number of options that can be issued may not exceed 10% of the issued and outstanding common share capital. The options vest at the discretion of the Board of Directors. The terms of the existing stock options remain in accordance with the stock option plan in place at the time the options were granted.

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**Gelum Capital Ltd.****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

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**For the six months ended October 31, 2020 and October 31, 2019**

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**6. Share capital (continued)****Stock options (continued)**

A summary of the status of the Company's stock options as at October 31, 2020 and April 30, 2020, and changes during the period/year then ended is as follows:

	Six months ended October 31, 2020		Year ended April 30, 2020	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of period/year	250,000	1.00	250,000	1.00
<b>Options outstanding, end of period/year</b>	<b>250,000</b>	<b>1.00</b>	250,000	1.00

As at October 31, 2020, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
250,000	250,000	1.00	June 9, 2022
<b>250,000</b>	<b>250,000</b>		

The following table summarizes information about the stock options outstanding as at October 31, 2020:

Number of Options Outstanding #	Weighted average remaining life (years)	Weighted average exercise price \$
250,000	1.61	1.00

No stock options were granted during the six months ended October 31, 2020 or October 31, 2019.

**7. Loss per share**

The calculation of basic and diluted loss per share for the six months ended October 31, 2020 was based on the loss attributable to common shareholders of \$52,219 (2019 - \$64,998) and a weighted average number of common shares outstanding of 4,727,433 (2019 – 4,727,433).

All options and warrants were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

**8. Related party payables and transactions**

A number of key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

No stock options were granted to related parties during the six months ended October 31, 2020 or October 31, 2019.

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**Gelum Capital Ltd.****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

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**For the six months ended October 31, 2020 and October 31, 2019**

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**8. Related party payables and transactions** (continued)

The Company transacted with the following related parties:

- (a) Stephen Brohman is the Company's CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA") and Oakside Advisory Ltd. ("Oakside") both firms in which he has significant influence. DBM CPA and Oakside provide the Company with accounting services.
- (b) Shares to be issued include incentive bonus payable to compensate the former Chief Executive officer payable in 36,500 common shares at a price of \$0.80 per share. Issuance pending since 2016.
- (c) On October 14, 2017, convertible notes were issued to two directors, Hendrik Van Alphen and Robert Kopple. (Note 5)

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	<b>Transactions 6 months ended October 31, 2020 \$</b>	Transactions 6 months ended October 31, 2019 \$	<b>Balances outstanding October 31, 2020 \$</b>	Balances outstanding April 30, 2020 \$
DBM CPA	4,000	2,500	20,200	16,200
Robert Kopple	24,684	-	374,421	349,736
Hendrik Van Alphen	25,000	-	137,556	112,557
	<b>53,684</b>	2,500	<b>532,177</b>	478,493

All related party balances are unsecured and are due upon demand without interest.

The transactions with the key management personnel and Directors are included in operating expenses as follows:

- (a) General and administrative expenses
  - Includes the accounting services of Company's CFO, Stephen Brohman, charged to the Company by Oakside.

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**Gelum Capital Ltd.****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

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**For the six months ended October 31, 2020 and October 31, 2019**

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**9. Supplemental cash flow information**

Changes in non-cash operating working capital during the six months ended October 31, 2020 and October 31, 2019 were comprised of the following:

	October 31, 2020	October 31, 2019
	\$	\$
Receivable	(248)	(852)
Accounts payable and accrued liabilities	(1,291)	10,879
Accounts payable to related parties	2,000	(14,358)
Net change	<b>461</b>	<b>(4,331)</b>

During the six months ended October 31, 2020 and October 31, 2019, no amounts were paid on account of interest or income taxes.

**10. Financial risk management****Capital management**

The Company is in process of the identification and evaluation of assets, or a business, and once identified or evaluated, to negotiate the acquisition or participation in the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at October 31, 2020 is comprised of shareholders' deficit of \$778,781 (April 30, 2020 - \$726,562).

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to borrow or raise additional financing from equity markets.

**Financial instruments - fair value**

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities, accounts payable to related parties and convertible note.

The carrying value of accounts payable and accrued liabilities and accounts payable to related parties approximates their fair value because of the short-term nature of these instruments.

Convertible note is presented on an amortized cost basis and will be accreted to their face value at their effective interest rates, over the term to maturity.

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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**Gelum Capital Ltd.****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

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**For the six months ended October 31, 2020 and October 31, 2019**

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**10. Financial risk management (continued)**

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>October 31, 2020</b>				
Cash and cash equivalents	21,635	-	-	21,635
	<b>21,635</b>	-	-	<b>21,635</b>
<b>April 30, 2020</b>				
Cash and cash equivalents	9,288	-	-	9,288
	<b>9,288</b>	-	-	<b>9,288</b>

**Financial instruments - risk**

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, and liquidity risk.

**a) Credit risk**

The Company is exposed to credit risk by holding cash and cash equivalents and receivables. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal accounts receivable exposure, and its refundable tax credits are due from the Canadian government.

**b) Interest rate risk**

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash equivalents. For the six months ended October 31, 2020 every 1% fluctuation in interest rates up or down would have an insignificant impact.

**c) Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.