DATINVEST INTERNATIONAL LTD.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

DATINVEST INTERNATIONAL LTD.

CONTENTS

SAM S. MAH INC.
Chartered Professional Accountant
SUITE 2001
1177 WEST HASTINGS STREET
VANCOUVER, BC, V6E 2K3

T: 604-617-8858
F: 604-688-8479

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Datinvest International Ltd.

Opinion

I have audited the financial statements of Datinvest International Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statement of loss and comprehensive loss, statement of cash flows and statement of changes in shareholders' equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flow for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

I draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $105,414 during the year ended December 31, 2019 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of $3,757,118 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the

Management Discussion and Analysis.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 IFRSs, 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

The engagement practitioner on the audit resulting in this independent auditor's report is Sam S. Mah, CPA, CA.

(Signed) "Sam S. Mah Inc."

Chartered Professional Accountant

Suite 2001 – 1177 West Hastings Street
Vancouver, BC, Canada V6E 2K3
April 24, 2020

DATINVEST INTERNATIONAL LTD.
Statements of Financial Position
(Expressed in Canadian Dollars)
As of December 31

	Note		**2019**		2018
ASSETS					
Current					
Cash		**$**	**867,595**	$	380,280
Restricted cash	11		**-**		272,266
Marketable securities	4		**1,125**		1,125
Receivables	3		**5,310**		7,358
TOTAL ASSETS		**$**	**874,030**	$	661,029
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	5	**$**	**10,807**	$	20,126
Subscriptions received	11		**-**		272,266
Loans and borrowing	6		**12,000**		12,000
TOTAL LIABILITIES			**22,807**		304,392
Shareholders' Equity					
Share capital	7		**4,281,875**		3,681,875
Contributed surplus	7		**326,466**		326,466
Deficit			**(3,757,118)**		(3,651,704)
TOTAL EQUITY			**851,223**		356,637
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**874,030**	$	661,029

Approved on behalf of the Board:

"Leighton Bocking" ***"Kyle Stevenson"***

Leighton Bocking, Director Kyle Stevenson, Director

The accompanying notes are an integral part of these financial statements

DATINVEST INTERNATIONAL LTD.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
For the Years Ended December 31

	Note		**2019**		2018
Administrative Costs					
Consulting, corporate and administrative fees		**$**	**75,000**	$	50,000
Office			**297**		211
Stock-based compensation			**-**		202,842
Professional fees			**16,850**		72,712
Transfer & filing fees			**13,267**		31,353
			(105,414)		(357,118)
Other					
Unrealized gain on investments			**-**		62
Bad debt (recovery)			**-**		5,000
Net and comprehensive (loss) for the year		**$**	**(105,414)**	$	(352,056)
Loss per share		**$**	**(0.02)**	$	(0.15)
Weighted average number of shares outstanding			**5,912,643**		2,312,643

The accompanying notes are an integral part of these financial statements

DATINVEST INTERNATIONAL LTD.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2017	**1,979,310**	**$ 3,221,875**	**$ 123,624**	**$ (3,299,648)**	**$ 45,851**
Shares issued pursuant to private placement	4,000,000	460,000	-	-	460,000
Stock options granted	-	-	202,842	-	202,842
Net and comprehensive loss for the year	-	-	-	(352,056)	(352,056)
Balance, December 31, 2018	**5,979,310**	**3,681,875**	**326,466**	**(3,651,704)**	**356,637**
Shares issued pursuant to warrant exercise	4,000,000	600,000	-	-	600,000
Net and comprehensive loss for the year	-	-	-	(105,414)	(105,414)
Balance, December 31, 2019	**9,979,310**	**$ 4,281,875**	**$ 326,466**	**$ (3,757,118)**	**$ 851,223**

The accompanying notes are an integral part of these financial statements

DATINVEST INTERNATIONAL LTD.
Statements of Cash Flows
For the Years Ended December 31
(Expressed in Canadian Dollars)

		2019		2018
Cash provided by (used in):				
Operating activities				
Net loss for the year	**$**	**(105,414)**	$	(352,056)
Items not affecting cash:				
Unrealized gain on investments		**-**		(62)
Stock-based compensation		**-**		202,842
Changes in non-cash working capital items:				
Receivables		**2,048**		(2,991)
Accounts payable and accrued liabilities		**(9,319)**		1,184
Net cash used in operating activities		**(112,685)**		(151,083)
Financing activities				
Change in restricted cash		**272,266**		(272,266)
Cash received for the issuance of shares		**600,000**		460,000
Subscriptions received		**(272,266)**		272,266
Net cash from financing activities		**600,000**		460,000
Change in cash		**487,315**		308,917
Cash and Cash Equivalents, beginning of the year		**380,280**		71,363
Cash and Cash Equivalents, ending of the year	**$**	**867,595**	$	380,280

The accompanying notes are an integral part of these financial statements

1. Nature of Operations and Going Concern

Nature of Operations

Datinvest International Inc. (the "Company') was incorporated under the British Columbia Company Act on May 1, 1987.

The Company was unable to meet Tier Maintenance Requirements pursuant to the policies of the Exchange and was designated as Inactive on September 28, 2001. The Company's shares are trading under the symbol DAI.H and are regulated by the NEX policies.

The address of the Company's corporate office and principal place of business is Suite 918, 1030 West Georgia Street, Vancouver, British Columbia, Canada V6E 2Y3.

Going Concern

The recoverability of carrying amounts for resource property interests and related deferred exploration and development costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying resource properties, the ability of the Company to obtain necessary financing to complete exploration and development, and achievement of future profitable production or proceeds from disposition.

The Company's financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. Certain conditions and events cast significant doubt on the validity of this assumption. For the year ended December 31, 2019, the Company reported a net loss of $105,414 (2018: $352,056) and as at that date had an accumulated deficit of $3,757,118 (2018: $3,651,704). As of December 31, 2019, the Company has a working capital of $851,223 (2018: $356,637). While in the past, the Company has been successful in obtaining funding from equity financings, option agreements, loans or through other arrangements, there is no assurance that these initiatives will be successful in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. Summary of Significant Accounting Policies

a) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

The policies applied in these financial statements are based on IFRS issued and outstanding as of April 24, 2020, the date the Board of Directors approved the financial statements.

b) Basis of Presentation

These financial statements were prepared on an accrual basis, except for cash flow, and are based on historical costs, except for certain financial instruments, which are measured at fair value.

2. Summary of Significant Accounting Policies - *continued*

c) Critical Accounting Estimates, Judgments and Uncertainties

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Critical Accounting Estimates and Assumptions

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

d) Functional and Presentation Currency

The Company's functional currency is the Canadian Dollar ("CAD"). The financial statements are presented in CAD which is the Company's presentation currency, unless otherwise noted.

All amounts in these financial statements are rounded to the nearest dollar.

e) Income Taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

2. Summary of Significant Accounting Policies - *continued*

e) Income Taxes - *continued*

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. 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.

f) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, and it is probably that a future 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 measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

g) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

h) Financial Instruments

The Company has adopted IFRS 9, Financial Instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

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

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and
- Those to be measured after initial recognition at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

2. Summary of Significant Accounting Policies - *continued*

h) Financial Instruments – cont'd

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented in the Statement of Loss and Comprehensive Loss in the period which it arises.

Impairment of Financial Assets at amortized cost

Impairment and uncollectibility of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if objective evidence that can be estimated reliably indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If a financial asset measured at amortized cost is impaired, an amount equal to the difference between it's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate is recognized as an impairment loss in the consolidated statement of operations. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Reversals of impairment charges are recognized in the consolidated statements of operations and comprehensive loss in the period in which they occur.

2. Summary of Significant Accounting Policies - *continued*

h) Financial Instruments – cont'd

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method.

The Company classifies its accounts payable and accrued liabilities, loans payable and due to related parties are classified as financial liabilities held at amortized cost.

The adoption of IFRS 9 did not impact the carrying value of any financial asset or financial liability on the transition date. The table below illustrates the change in classification of the Company's financial instruments under IAS 39 and IFRS 9.

Line Item	**IFRS 9**	**IAS 39**	
	New Classification	**Original Classification**	**Measurement Model**
Cash	FVTPL	FVTPL	FVTPL
Marketable securities	FVTPL	FVTPL	FVTPL
Accounts payable and accrued liabilities	Amortized cost	Other liabilities	Amortized cost

j) **Recent Accounting Prouncements**

At the date of authorization of these financial statements, the IASB and International Financial Reporting Committee ("IFRIC") have issued the following revised and new standards, amendments and interpretations which became effective during the year ended December 31, 2019:

Effective for periods beginning on or after January 1, 2018

- IFRS 9, *Financial Instruments – Classification and Measurement*

  IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and measurement.*

  IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. This standard has been adopted without material effect to these financial statements.

2. Summary of Significant Accounting Policies - *continued*

j) **Recent Accounting Prouncements cont'd**

- IFRS 15, *Revenue from Contracts with Customers*

  IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from and entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers.
  IFRS 15 supersedes IAS 11, *Construction Contracts,* IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service.* This standard has been adopted without material effect to these financial statements.

At the date of authorization of these financial statements, the IASB and International Financial Reporting Committee ("IFRIC") have issued the following revised and new standards, amendments and interpretations which are not yet mandatory during the year ended December 31, 2019:

Effective for periods beginning on or after January 1, 2019

- IFRS 16, *Leases*

In January 2016, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor. The new standard is effective for annual periods beginning on or after January 1, 2019 and has been adopted without a material effect on the Company's financial statements.

k) Share Capital

(i) Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments.

(ii) Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

(iii) The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the measurement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

2. Summary of Significant Accounting Policies - *continued*

l) Share-based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

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. On the exercise of stock options, the applicable amounts of reserves are transferred to share capital and consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments, such as stock options and warrants, 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 fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

m) Cash Equivalents

Cash equivalents are highly liquid investments, such as term deposits with major financial institutions, having a term to maturity of three months or less at acquisition, that are readily convertible to specified amounts of cash.

n) Risk Instruments and Risk Management

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The fair values of cash, other receivables, marketable securities, loan receivables, accounts payable and accrued liabilities, and loans and borrowings; approximate their book values because of the short-term nature of these instruments.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to its bank accounts and accounts receivable. Bank accounts are with Canadian Schedule 1 banks. Management believes that the credit risk with respect to accounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company manages its liquidity risk through private placements.

The Company's operating cash requirements including amounts projected to complete its existing capital expenditure program are continuously monitored and adjusted as input variables change. These variables include but are not limited to commodity prices, cost overruns on capital projects and changes to government regulations relating to land tenure, allowable production and availability of markets. As these variables change, liquidity risks may necessitate the need for

(Expressed in Canadian Dollars)

2. Summary of Significant Accounting Policies - *continued*

Liquidity Risk cont'd

the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

Interest Rate Risk

The Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. As of December 30, 2019, the Company has no interest-bearing debentures with long-term maturities and therefore does not believe that interest rate risk is significant. The Company does not use derivative instruments to reduce its interest rate risk as the Company's management believes that the likely financial impact of interest rate changes does not justify using derivatives. The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The Company's future interest income is exposed to short-term rates.

o) Leases

IFRS 16 introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases, except when the term is 12 months or less or when the underlying asset has a low value. The Company recognizes a right-of-use asset and a lease liability for its leases with lease terms greater than one year. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot readily be determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is remeasured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

3. Receivables

The Company's accounts receivable consists of Goods and Services Tax input tax credits which may change pursuant to an audit by the taxation authorities.

4. Marketable Securities

The Company's other investments, which are classified as FVTPL have been valued at their market prices.

2019		2018	
Cost	**Market**	Cost	Market
$10,000	**$1,125**	$10,000	$1,125

On August 12, 2010, the Company received 250,000 shares of Orestone Mining Corp. in settlement of the $25,000 owed by Intuitive Exploration Inc., which was acquired by Orestone on June 3, 2010. On September 18, 2012 Orestone consolidated its shares on 1 for 4 basis as a result the Company now hold 12,500 shares. The Company classifies these shares as FVTPL and, accordingly; any unrealized gains and losses in fair value are included in net income or loss for the year.

(Expressed in Canadian Dollars)

5. Accounts Payable and Accrued Liabilities

		December 31, 2019		December 31, 2018
Trade accounts payable	**$**	**2,807**	$	12,126
Accrued liabilities		**8,000**		8,000
	$	**10,807**	$	20,126

6. Loans and Borrowings

As at December 31, 2019, the Company owes $12,000 (December 31, 2018: $12,000) to certain shareholders. The loans are without interest and are due on demand. Since these loans are non-interest bearing and have no fixed terms, their carrying costs approximate the amortized costs.

7. Share Capital and Contributed Surplus

Authorized: Unlimited common shares without par value

On January 31, 2018, the Company completed a private placement of 4,000,000 units at a price of $0.125 per unit for gross proceeds of $500,000. Each unit consists of one common share of the Company and one transferable common share purchase warrant entitling the holder to acquire an additional common share at a price of $0.15 for a period of twelve months. All of the securities issued under the private placement are subject to a four-month hold period. A finder's fee of $40,000 was paid.

On January 30, 2019, the Company issued 4,000,000 common shares at a price of $0.15 per share pursuant to the exercise of warrants.

Options

As at December 31, 2018, the Company had 500,000 options outstanding exercisable at a price of $0.41 and expiring on March 16, 2023.

On March 16, 2018, the Company granted 500,000 stock options to consultants and directors of the Company. The options vest immediately at the grant date. The fair value of the options granted was determined to be $202,842 using the following assumptions: Risk-free rate of 1.73%; Expected life of 5 years, Expected volatility of 227% and dividend yield of nil.

Of the 500,000 incentive stock options granted on March 16, 2018; 450,000 of the incentive stock options were granted to directors and officers of the Company.

Warrants

As at December 31, 2019, the Company had no warrants outstanding (December 31, 2018 - 4,000,000). During the year all 4,000,000 warrants were exercised at a price of $0.15 per warrant.

(Expressed in Canadian Dollars)

8. Income Taxes

The Company has accumulated non-capital losses for Canadian income tax purposes of approximately $1,202,000 which expire in various years to 2039 as follows:

2026	67,000
2027	191,000
2028	133,000
2029	51,000
2030	50,000
2031	62,000
2032	72,000
2033	77,000
2034	54,000
2035	83,000
2036	126,000
2037	88,000
2038	157,000
2039	113,000
	$ 1,324,000

The Company also has capital losses of approximately $1,086,777 which may be carried forward indefinitely.

The reconciliation of income tax provision at statutory rates to the reported income tax provision is as follows:

	2019	2018
	26.0%	26.0%
Net loss for the year	**$ (105,414)**	$ (352,056)
Income tax benefits computed at Canadian statutory rates	**27,407**	91,534
Unrecognized tax losses	**(27,407)**	(91,534)
	$ -	$ -

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates are as follows:

	2019	2018
Future income tax assets		
Temporary differences in assets	**$ 1,000**	$ 1,000
Non-capital losses carried forward	**344,000**	312,000
Net capital losses carried forward	**283,000**	283,000
Cumulative resource development costs	**15,000**	15,000
	643,000	611,000
Valuation allowance for future income tax assets	**(643,000)**	(611,000)
Future income tax assets	**$ -**	$ -

The conditions required to recognize potential future tax assets based on establishment of likely future profitability have not been met. Accordingly, a 100% valuation allowance has been provided.

(Expressed in Canadian Dollars)

9. Capital Risk Management

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern; to maintain optimal capital structure, while ensuring the Company's strategic objectives are met and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, stock options, contributed surplus and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, selling and/or acquiring assets, and controlling its capital expenditures program.

The Company has no business or operations and is currently reviewing new projects. As such, the Company is dependent on external financing to fund its activities. In order to pay for its operating expenses, the Company will spend its existing working capital and raise additional amounts as needed and if available.

Management reviews its capital management approach on an ongoing basis.

10. Fair Value Measurement

Measurement of the fair value of financial instruments is made under a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in 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.

At December 31, 2019, the levels in the fair value hierarchy into which the Company's financial assets and liabilities measured and recognized in the balance sheet at fair value are categorized are as follows:

	2019 Level 1	2018 Level 1
Cash and cash equivalents	$ 867,595	$ 380,280
Restricted cash	$ -	$ 272,266
Marketable securities	$ 1,125	$ 1,125

11. Restricted Cash

On March 19, 2019, the Company terminated; effective immediately, the definitive amalgamation agreement dated June 6, 2018 with Exxel Pharma Inc., a privately held biopharmaceutical company, incorporated under the laws of the Province of British Columbia, focused on the development of therapeutics for the non-addictive treatment of pain, PTSD and substance addiction. In connection with the terminated agreement, the Company will return to the share subscribers all of the restricted cash raised in the private placement at $0.45 per unit.

During the year, restricted cash of $562,267 was returned to the share subscribers.

12. Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

Key management personnel compensation

During the year ended December 30, 2019, cash compensation of key management personnel and share-based compensation were $nil (2018 - $nil) and $nil (2018 - $182,558); respectively.