Compel Capital Inc.

Financial Statements

Expressed in Canadian Dollars

Unaudited – Prepared by Management

For the Quarter Ended March 31, 2019 and 2018

Notice of No Review By Auditor:

In accordance with National Instrument 51-102 Continuous Disclosure of Canadian Securities Administrators, we hereby give notice that our financial statements for the quarter ended March 31, 2019, which follow this notice, have not been reviewed by our Auditors.

Compel Capital Inc.
Statements of financial position
Expressed in Canadian Dollars
Unaudited – Prepared by Management
As at March 31, 2019 and December 31, 2018

		2019		2018
Assets				
Cash	**$**	**32**	$	32
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 3)	**$**	**29,042**	$	35,692
Loan payable - interest bearing (Note 4)		**38,501**		18,117
		67,544		53,809
Shareholders' Deficiency				
Capital stock (Note 6)		**542,439**		542,439
Accumulated Deficit		**(609,951)**		(596,216)
		(67,512)		(53,777)
	$	**32**	$	32

Nature of Business and Going Concern (Note 1)

Approved on behalf of the Board **"Andrew Lindzon"** Director **(Signed)** **“Myra Bongard”** Director **(Signed)**

Compel Capital Inc.
Statements of Loss and Comprehensive Loss
Expressed in Canadian Dollars
Unaudited – Prepared by Management
Quarter Ended March 31, 2019 and 2018

		2019		2018
Expenses				
General and administrative	**$**	**13,735**	$	27,611
Net loss and comprehensive loss for the year	**$**	**(13,735)**	$	(27.611)
Net Loss per share (Note 7)				
Basic and diluted	**$**	**(0.00)**	$	(0.13)
Weighted average number of common shares outstanding (Note 7)				
Basic and diluted		**48,982,088**		2,127,284

See accompanying notes

Compel Capital Inc.

Statements of Changes in Shareholders' Deficiency

Expressed in Canadian Dollars

Unaudited – Prepared by Management

Quarter Ended March 31, 2019 and 2018

	Capital Stock	Deficit	Total
Balance, January 1,2019	**$ 542,439**	**$ (596,216)**	**$ (53,777)**
Net loss and comprehensive loss	-	(13,735)	(13,735)
Balance, March 31, 2019	**$ 542,439**	**$ (609,951)**	**$ (67,512)**

	Capital Stock	Deficit	Total
Balance, January 1,2018	**$ 308,165**	**$ (491,216)**	**$ (183,051)**
Net loss and comprehensive loss	-	(27,611)	(27,611)
Balance, March 31, 2018	**$ 308,165**	**$ (518,827)**	**$ (210,662)**

See accompanying notes

Compel Capital Inc.
Statements of Cash Flows
Expressed in Canadian Dollars
Unaudited – Prepared by Management
Quarter Ended March 31, 2019 and 2018

	2019	2018
Cash provided by (used in)		
Operations		
Net loss and comprehensive loss	$ **(13,735)**	$ (27,611)
Items not affecting cash		
Interest accrued	**-**	-
Management fees accrued	**-**	-
	(13,735)	(27,611)
Net changes in non-cash working capital		
Accounts payable and accrued liabilities	**(6,650)**	(27,611)
	(20,385)	-
Financing		
Loan advances - interest bearing	**20.384**	27,611
Cash beginning of year	**-**	**-**
Cash, beginning and end of year	$ **32**	$ -

1. NATURE OF BUSINESS AND GOING CONCERN

Compel Capital Inc. (the "Company") is incorporated under the laws of the Province of Ontario and is inactive. The Company does not engage in commercial operations and has no assets. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a potential acquisition.

While these financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern.

During the quarter ended March 31, 2019, the Company incurred a loss of $ 13,735 (2018 - $ 27,611) and, as of that date, the Company had accumulated deficit of $ 609,951 (2018 - $ 518,827), a working capital and shareholder deficiency of $ 67,512 (2018 - $ 210,662). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company's continuing ability to meet its obligations as they come due is dependent upon continued financial support from directors, shareholders or corporations affiliated with directors and shareholders (Notes 4 and 5) and its ability to raise additional funds through the issuance of shares (Note 6).

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

The registered office of the Company is located at 38 Edmund Seager Drive, Thornhill, Toronto, Ontario L4J 4R9.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

The financial statements of the Company were approved by the Board of Directors on May 26, 2019.

Basis of Presentation

These financial statements have been prepared on a historical cost basis. These financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments

Financial assets

Cash is classified as amortized cost.

Financial liabilities

Loans payable, and accounts payable and accrued liabilities are classified as amortized cost.

Subsequent to initial recognition, these liabilities are carried at amortized cost, using the effective interest method. The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2: Valuation techniques based on 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: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As at March 31, 2019 and December 31, 2018, the Company does not have any financial instruments measured at fair value and that required classification within the fair value hierarchy.

Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding, if any, that may add to the total number of common shares.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Taxes (Cont'd)

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not record that excess.

Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements.

Changes in Accounting Policies and Recent Accounting Pronouncements

New standards adopted

IFRS 9 Financial Instruments

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in *IFRS 9* is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities.

The Company adopted *IFRS 9* Financial Instruments on January 1, 2018. The adoption of the new standard by the Company resulted in no change in measurement or the carrying amount of financial assets and liabilities however the classification of financial assets changed as follows:

- Cash that was classified as loans and receivables are now classified as amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Changes in Accounting Policies and Recent Accounting Pronouncements (Cont'd)

New standards adopted (Cont'd)

IFRS 9 Financial Instruments (Cont'd)

IFRS 9 utilizes a forward-looking expected credit loss model ("ECL"). The ECL model requires a more timely recognition of expected credit losses using judgement determined on a probability weighting basis.

The new impairment model is applied, at each balance sheet date, to financial assets measured at amortized cost. The application of the expected credit loss model did not have any material impact.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

The Company adopted IFRS 15 Revenue from Contracts with Customers on January 1, 2018 and applied the requirements of the standard using the modified retrospective basis. The adoption of the new standard by the Company resulted in no change to the pattern of revenue recognition or the measurement of revenue, as the Company had no revenues for the years ended December 31, 2018 and 2017.

The Company is currently evaluating the impact of the below standards on its financial performance and financial statement disclosures but the impact is not expected to be material.

IFRS 16 Leases was issued in January 2016 and replaces IAS 17 Leases. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1 2019 with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company is currently evaluating the impact of the standard on the Company's financial statements.

Expressed in Canadian Dollars

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2019		2018
Trade payables				
Audit	**$**	**6,650**	$	5,000
Legal Fees		**18,597**		29,692
Filing fees		**3,795**		1,000
	$	**29,042**	$	35,692

4. LOAN PAYABLE - INTEREST BEARING

The total loan payable in the amount of $ 38,501 (2018 - $ 18,117) is due to two corporations which share a common director with the Company. The loans bear interest at 10% per annum, are unsecured and due on demand. The total amount of accrued interest included in the loans payable is $2,590 (2018 - $ 1,651). On December 10, 2018 $221,583 was converted to Common Shares (Note 1 & 6).

5. LOAN PAYABLE - NON-INTEREST BEARING

A loan payable for $ nil (2018 - $12,691) is due to a corporation, which shares a common director with the Company. The loan is non-interest bearing, unsecured and due on demand. On December 10, 2018 $12,691 was converted to Common Shares (Note 1 & 6).

86. CAPITAL STOCK

a) Authorized

unlimited common shares
unlimited preference shares, rights to be determined on issuance

Common Shares	**Number of Shares**		**Amount**
Balance as at March 31, 2019 and December 31, 2018	4,823,040	$	542,439
Balance as at March 31, 2019 and December 31, 2018	**48,982,088**	**$**	**542,439**

(i) On December 10, 2018 the Company agreed to issue a total of 46,854,800 common shares to certain of the Company's debt-holders for settlement of $234,274 principal amount of unsecured debt (Note 4 & 5).

7. LOSS PER SHARE

The calculation of basic and diluted loss per share for the quarter ended March 31, 2019 was based on the loss attributable to common shareholders of $ 13,735 (2018 - $ 27,611) and the weighted average number of common shares outstanding of 48,982,088 (2018 - 2,127,288).

Expressed in Canadian Dollars

8. INCOME TAXES

Provision for Income Taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 26.5% (2018 - 26.5%) to the net loss and comprehensive loss for the period. The reason for the difference is as follows:

	2019	2018
Loss before income taxes	**$ (13,735)**	$ (27,611)
Statutory rate	**26.5%**	26.5%
Expected income tax recovery	**$ (5,600)**	$ (7,300)
Increase (decrease) resulting from:		
Change in deferred tax assets not recognized	**5,600**	7,300
Income tax expense	**$ -**	$ -

The Company's deferred income tax assets are estimates as follows:

	2019	2018
Deferred income tax assets		
Non-capital losses	**$ 113,400**	$ 107,800
Less: Deferred tax assets not recognized	**(113,400)**	(107,800)
Net deferred income tax asset	**$ -**	**$ -**

Losses Carried Forward

As at December 31, 2018, the Company has non-capital losses for income tax purposes of $406,800 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2028	$ 52,600
2029	54,500
2030	23,900
2031	8,100
2032	10,600
2033	14,900
2034	12,300
2035	9,800
2036	47,200
2037	67,900
2038	105,000
2039	5,600
	$ 412,400

9. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions.

The loans payable described in Note 4 are related party transactions as these loans are due to three corporations which share a common director with the Company.

The loan payable described in Note 5 is a related party transaction as this loan is due to a corporation which shares a common director with the Company.

Related party transactions are conducted in the normal course of operations.

Included in general and administration expense is interest expense of $ 940 (2018 - $ 2,905) and Management fees of $ 9,000 (2018 – $ 9,000) incurred to two shareholders and directors of the Company. This interest expense relates to amounts accrued on three interest bearing loans due to two of the shareholders and directors of the Company, refer to Note 4.

10. CAPITAL RISK MANAGEMENT

The Company includes equity, comprised of issued common shares and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

There has been no change with respect to the overall capital risk management strategy during the quarter ended March 31, 2019.

11. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's financial instruments, consisting accounts payable and accrued liabilities and loans payable, approximate fair values due to the relatively short-term maturities of the instruments. the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Company has accounts payable and accrued liabilities of $ 29,042 (2018 - $ 35,692) due within 12 months and has cash of $32 (2018 - $ 32) As a result, the Company has liquidity risk and may not have sufficient funds to meet its ongoing obligations.