

Redfund Capital Corp.
(formerly Parana Copper Corporation)
Consolidated Financial Statements
For the Three Months Ended December 31, 2018 and 2017

**NOTICE OF NO AUDITOR REVIEW OF
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 interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Redfund Capital Corp.
(formerly Parana Capital Corporation)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Note	December 31, 2018	September 30, 2018
		\$	\$
ASSETS			
Current Assets			
Cash		454,931	928,249
Prepaid expenses		118,333	164,583
		573,264	
Convertible loans receivable	4	670,820	-
TOTAL ASSETS		1,244,084	1,092,832
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable	7	72,159	334,494
Accrued liabilities		15,000	15,000
		87,159	349,494
Shareholders' equity			
Share capital	6	28,984,924	27,303,591
Reserves	6	6,873,536	6,443,836
Subscriptions received in advance	6	-	564,208
Deficit		(34,701,535)	(33,568,297)
TOTAL SHAREHOLDERS' EQUITY		1,156,925	743,338
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,244,084	1,092,832

Approved on behalf of the Board of Directors:

"Meris Kott"

Director

"Eugene Hodgson"

Director

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

Refund Capital Corp.
(formerly Parana Capital Corporation)
Consolidated Statements of Net and Comprehensive Loss
(Expressed in Canadian dollars)

	Note	For the three months ended December 31,	
		2018	2017
		\$	\$
INTEREST INCOME		28,375	-
EXPENSES			
Bank charges		256	250
Consulting	7	159,250	37,000
Investor Relations and marketing		181,142	7,875
Office		17,777	3,832
Professional	7	7,250	3,675
Public relations		315,822	-
Stock based compensation	5,6	423,000	-
Travel	7	36,250	-
Regulatory and Filing		20,866	10,256
Net loss before other items		(1,133,238)	(62,888)
Other items:			
Impairment on convertible loans receivable	4	-	-
Foreign Exchange Gain		-	-
Comprehensive loss		(1,133,238)	(62,888)
Basic and diluted loss per share		(0.02)	(0.02)
Weighted average shares outstanding			
-basic and diluted		46,174,372	12,611,789

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Redfund Capital Corp.

(formerly Parana Copper Corporation)

Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital		Reserves		Subscriptions received in advance	Deficit	TOTAL
	Number of shares	Share capital	Stock Based reserve	Foreign exchange reserve			
		\$	\$	\$	\$	\$	\$
Balance as at September 30, 2017	12,611,789	23,509,240	6,372,363	-	-	(29,816,081)	65,522
Net and Comprehensive loss for the period	-	-	-	-	-	(62,888)	(62,888)
Balance as at December 31, 2017	12,611,789	23,509,240	6,372,363	-	-	(29,878,969)	2,634
Balance as at September 30, 2018	41,196,112	27,303,591	6,443,836	-	564,208	(33,568,297)	743,338
Private Placement (note 6)	5,724,999	1,717,500	-	-	(564,208)	-	1,153,292
Share issuance costs - cash	-	(29,467)	-	-	-	-	(29,467)
Share issuance costs – broker warrants	-	(6,700)	6,700	-	-	-	(29,467)
Units issued for services (note 6)	-	-	-	-	-	-	-
Acquisition of Ultra Invest (notes 5 and 6)	-	-	-	-	-	-	-
Subscriptions received in advance (note 6)	-	-	-	-	-	-	-
Stock-based compensation	-	-	423,000	-	-	-	423,000
Net and Comprehensive loss for the period	-	-	-	-	-	(1,133,238)	(1,133,238)
Balance as at December 31, 2018	46,921,111	28,984,924	6,873,536	-	-	(34,701,535)	1,156,925

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

Redfund Capital Corp.
(formerly Parana Copper Corporation)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Three months ended December 31, 2018	Three months ended December 31, 2017
	\$	\$
Operating activities		
Net loss	(1,133,238)	(62,888)
Adjustment for non-cash items		
Stock based compensation	423,000	-
Impairment of convertible loans receivable	-	-
Units issued for services	-	-
Foreign exchange gain	-	-
Changes in non-cash operating working capital items:		
Accounts payable	(262,335)	-
Accrued liabilities	-	-
Prepaid expenses	46,250	(12,000)
Sales tax receivables	-	-
Net cash used in operating activities	(926,323)	(74,888)
Financing activities		
Subscriptions received in advance	-	-
Proceeds from issuance of common shares	1,153,292	-
Share issuance costs	(29,467)	-
Issuance of convertible notes receivable	(670,820)	-
Net cash provided by financing activities	453,005	-
Change in cash	(473,318)	(74,888)
Cash, beginning	928,249	88,954
Cash, end	454,931	14,066

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Redfund Capital Corp.
(formerly Parana Copper Corporation)
Notes to the Consolidated Financial Statements
For the three months ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Redund Capital Corp. (formerly Parana Copper Corporation) (the “Company”) was incorporated under the Business Corporation Act of Alberta on August 31, 1998 and was continued to British Columbia on January 30, 2006. The Company changed its name from AAN Ventures Inc. to Parana Copper Corporation on May 25, 2017. The Company’s shares are publicly traded on the Frankfurt Exchange and Canadian Stock Exchange (the “CSE”) under the symbol “LOAN”.

On August 2, 2018, the Company completed a change of business and corporate name change to become a merchant bank focused on medical cannabis and hemp in both Canada and the United States. The head office, principal address and records office of the Company are located at 702 – 595 Howe Street, Vancouver, BC V6C 2E5.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2018, the Company is not able to finance day to day activities through operations and incurs losses. The continuing operations of the Company are dependent upon its ability to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs with equity financings, loans from directors and companies controlled by directors and or private placement of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of compliance

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of February 28, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended September 30 2018, except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending September 30, 2019 could result in restatement of these unaudited condensed consolidated interim financial statements.

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The financial statements are presented in Canadian dollars unless otherwise noted.

3. NEW ACCOUNTING STANDARDS

New standard IFRS 9 “Financial Instruments”

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company intends to adopt the standards when they become effective. The Company is assessing the impact of the standard on its convertible notes receivable and its investments where it holds less than significant influence. The Company is currently completing its assessment of the impact of this new standard. The Company has not yet determined the impact of these standards on its financial statements, but does not anticipate that the impact will be significant.

New standard IFRS 15 “Revenue from Contracts with Customers”

This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Overall, the Company does not expect the implementation of IFRS 15 to have a significant impact on its revenue.

New standard IFRS 16 “Leases”

This new standard replaces IAS 17 “Leases” and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. While the Company is currently evaluating the impact this new guidance will have on its consolidated financial statements, the recognition of certain leases is expected to increase the assets and liabilities on the consolidated statements of financial position. As a result, the Company expects IFRS 16 to have a significant impact to the consolidated statements of financial position.

Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

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(Expressed in Canadian Dollars)

4. CONVERTIBLE LOANS RECEIVABLE

		December 31, 2018	September 30, 2018
		\$	\$
Biolog, Inc.	i.	-	194,000
Biominales Pharma Corp.	ii.	250,000	255,000
RxMM Health Capital Inc.	iii.	220,740	-
Mary's Wellness	iv.	100,000	-
Winterlife Inc.	v.	100,080	-
Impairment of convertible loans receivable		-	(449,000)
Balance		670,820	-

- i. On August 21, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biolog, Inc. ("Bioglog"), a private company incorporated in the State of Utah. The Company has agreed to advance up to USD\$800,000 in tranches. Advances are secured by the assets of Biolog and bear interest at 14%, payable monthly; and the promissory note is due on September 1, 2020. On the Effective Date, the Company advanced \$194,000 under the note. The note may be converted into common shares of Biolog at a price equal to a 10% discount to the valuation of Biolog immediately from any financing immediately prior to the date of conversion.

In addition, Biolog issued warrants equivalent to 20% of the amount of the note based upon its valuation as of the Effective Date which is stipulated to be USD \$10,000,000. The option to settle the convertible note and warrants in common shares of Biolog represents an embedded derivative in the form of a call option to the Company. Biolog is a private company and its shares cannot be reliably valued using any market-derived indicators. Accordingly, the derivative asset was initially recognized by the Company at \$nil value. As at September 30, 2018, the fair value of the derivative asset remained the same.

Furthermore, as at September 30, 2018, the Company has not received repayment of such note and management has assessed the high likelihood of uncollectability. Thus, the entire balance of convertible note receivable has been impaired. As such time the loan is repaid in full, the Company will recognize a recovery of the impairment amount. This loan continues to be secured by the borrowers' assets.

- ii. On August 27, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biominales Pharma Corp. ("Biopharma"), a private company incorporated under the laws of the Province of Quebec. The Company has agreed to advance up to USD\$196,184. Advances are secured by the assets of Biopharma and bears interest at 14% annually, payable monthly; and the promissory note is due on October 1, 2020. On the Effective Date, the Company advanced \$255,000 under the note. The note may be converted into common shares of Biopharma at a price equal to a 10% discount to the price assigned to the common shares of Biopharma from any financing immediately prior to the date of conversion. The Company is not able to exert significant influence over the operations of Biopharma.

4. CONVERTIBLE LOANS RECEIVABLE (continued)

In addition, Biopharma issued 18,684 warrants, exercisable at a price of \$2.10 per warrant to acquire one Class A common share in the capital of Biopharma for a period of 24 months. The option to settle the convertible note and the stock warrants in Class A common shares of Biopharma represents an embedded derivative in the form of a call option to the Company. Biopharma is a private company and its shares cannot be reliably valued using any market-derived indicators. Accordingly, the derivative asset was initially recognized by the Company at \$nil value. As at September 30, 2018, the fair value of the derivative asset remained the same. Furthermore, as at September 30, 2018, the Company had not received repayment of such note and management has assessed the high likelihood of collectability. Thus, the entire balance of convertible note receivable has been impaired. As such time the loan is repaid in full, the Company will recognize a recovery of the impairment amount.

On October 1, 2018, a further \$250,000 was loaned to Biopharma under the same terms as the previously loaned \$255,000. This loan continues to be secured by the borrowers' assets.

- iii. On October 1, 2018, the Company entered into a US\$500,000 promissory note with RxMM Health ("RxMM"). The loan is secured by a general security agreement on assets of RxMM. The loan bears an interest at 14% compounded monthly and is repayable within 24 months. Furthermore, RxMM granted additional consideration to the Company providing an option to purchase common shares of RxMM equal to 20% of the amount of the loan based on a valuation agreed upon between RxMM and the Company. On October 9, 2018, the Company made a first tranche loan of \$220,740 CDN to RxMM. This loan continues to be secured by the borrowers' assets.
- iv. On October 15, 2018, the Company entered into a \$1,000,000 promissory note with Mary's Wellness Ltd. ("MWL"). The loan is secured by a general security agreement on assets of MWL. The loan bears an interest rate of 12.5% per annum compounded monthly and is repayable by November 1, 2020. Furthermore, MWL granted additional consideration to the Company providing an option to purchase common shares of MWL equal to 20% of the amount of the loan based on a valuation agreed upon between MWL and the Company. On October 19, 2018, the Company made a first tranche loan of \$100,000 CDN to MWL. This loan continues to be secured by the borrowers' assets.
- v. On November 1, 2018, the Company entered into a USD\$1,000,000 promissory note with Winterlife Inc. ("Winterlife"). The loan is secured by a general security agreement on assets of Winterlife made effective on November 1, 2018. The loan bears an interest rate of 14% per annum compounded monthly and is repayable by November 1, 2020. Furthermore, Winterlife granted additional consideration to the Company providing an option to purchase common shares of Winterlife equal to 20% of the amount of the loan based on a valuation agreed upon between Winterlife and the Company. On November 6, 2018, the Company made a first tranche loan of \$100,080 CDN to Winterlife. This loan continues to be secured by the borrowers' assets.

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5. ACQUISITION OF ULTRA INVEST

On August 2, 2018, the Company issued 10,304,000 common shares to the shareholders of Ultra Invest, to acquire all of the issued and outstanding shares of Ultra Invest, a private company controlled by the Company's CEO, Meris Kott, at a fair value of \$0.1875 per share for total value of \$1,932,000 (the "Acquisition"). At the time of the Acquisition, Ultra Invest did not constitute a business as defined under IFRS 3, as it had neither operations nor assets; therefore, the Acquisition is accounted under IFRS 2, where the difference between the consideration given to acquire the Company is recorded as stock-based compensation.

6. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value

Common share consolidation / stock-split

Effective August 28, 2017, the Company consolidated its issued and outstanding common shares on a 1.5 to 1 basis.

Effective December 11, 2017, the Company further consolidated its issued and outstanding common shares on a 3 to 1 basis.

On August 2, 2018, the Company executed a stock-split of its issued and outstanding common shares on a 1.6 to 1 basis. All references to common shares, stock options and warrants in these consolidated financial statements have been adjusted to reflect these changes.

Issued share capital

For the period ended December 31, 2018

On October 11, 2018, the Company closed a private placement for \$1,717,500 by issuing 5,724,999 units. Each unit consists of one common share and one warrant entitling the holder to one additional common share for \$0.55 for two years from date of grant.

For the year ended September 30, 2018

On August 2, 2018, the Company closed a private placement and issued 7,779,894 units at \$0.1875 for total proceeds of \$1,458,730. Each unit consists of one common share and one warrant entitling the holder to one additional common share for \$0.34 for a period of 2 years, subject to the Company having the right to accelerate the expiry date if the shares trade at \$0.47 for a period of 14 consecutive days. On August 2, 2018, the Company issued 2,933,333 units to consultants for services rendered at \$550,000, recognized as stock based compensation. The warrants issued contain the same exercise terms as the private placement warrants.

A cash commission of \$74,906 was paid and 399,495 broker warrants were issued, containing the same exercise terms as the private placement warrants. The fair value of the 399,495 broker warrants was estimated at \$71,473, using the Black Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.22, expected volatility - 201% (based on historical volatility), risk-free interest rate - 2.08%, exercise price of \$0.34 and an expected average life of 2 years.

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6. SHARE CAPITAL (continued)

On August 2, 2018, the Company issued 10,304,000 common shares to the shareholders of Ultra Invest (Note 5) recognized as stock based compensation.

Stock options

The Company has adopted a stock option plan whereby the Company may from time to time grant to directors, officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company's common shares issued and outstanding at the time of granting stock options. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

On October 12, 2018, the Company granted 1,050,000 options to officers, directors and consultants of the Company. Each option is exercisable into one common share of the Company for \$0.51 per share and expires October 12, 2023. These options had a fair value of \$423,000 using the Black Scholes model with the following inputs: i) exercise price: \$0.51; ii) share price: \$0.51; iii) term: 5 years; iv) volatility: 111%; v) discount rate: 2.04%. The value of these options was included in reserves for the period ended December 31, 2018. As at December 31, 2018, the options had a weighted average life remaining of 4.78 years.

Share Purchase Warrants

The continuity of the Company's outstanding warrants is as follows:

	December 31, 2018			September 30, 2018	
	Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price	Number of Warrants
Outstanding at beginning of year	\$ 0.26	18,223,832	\$	0.14	7,111,110
Issued	0.55	5,746,466		0.34	11,112,722
Outstanding at end of the year	\$ 0.33	23,970,298	\$	0.26	18,223,832

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6. SHARE CAPITAL (continued)

Warrants outstanding as at December 31, 2018 are as follows:

Exercise price	Issue date	Expiry date	Number of Warrants
\$ 0.14	January 8, 2016	January 8, 2021	3,555,555
\$ 0.14	August 16, 2016	August 16, 2021	3,555,555
\$ 0.34	August 2, 2018	August 2, 2020	11,112,722
\$ 0.55	October 11, 2018	October 11, 2020	5,724,999
\$ 0.55	October 11, 2018	October 11, 2020	21,467
		TOTAL	23,970,302

On September 7, 2017, the Company extended the expiry date for the 3,555,555 warrants issued on January 8, 2016 from January 8, 2018 to January 8, 2021. Management decided not to revalue the stock based compensation associated with the extension of the warrant terms.

On October 11, 2018, the Company granted 5,724,999 warrants as part of the previously disclosed private placement of the same. In addition, the Company granted 21,467 broker warrants. These broker warrants had a fair value of \$6,700 using the Black Scholes model with the following inputs: i) exercise price: \$0.55; ii) share price: \$0.51; iii) term: 2 years; iv) volatility: 111%; v) discount rate: 2.04%. The value of these options was included in reserves and share capital for the period ended December 31, 2018.

Stock based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Foreign currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

Subscriptions received in advance

During the year ended September 30, 2018, the Company received proceeds of \$564,208 for shares to be issued.

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7. RELATED PARTY TRANSACTIONS

Transactions with key management and directors

The Company incurred the following transactions for the year ended, companies controlled by current and former directors and officers of the Company:

	December 31, 2018	December 31, 2017
	\$	\$
Rent and professional fees	5,250	3,675
Consulting fees	136,250	30,000
Travel	36,250	-
	<u>177,750</u>	<u>33,675</u>

Related parties balance

As at December 31, 2018, the Company owes \$Nil (2018 - \$Nil) for consulting fees to a company controlled by the Chief Executive Officer and director of the Company.

As at December 31, 2018, the Company owes \$5,250 (2018 - \$5,250) for consulting fees to a company controlled by the Chief Financial Officer of the Company.

Amounts due to related parties are non-interest bearing, unsecured, with no terms of repayment and are included in accounts payable.

8. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

Historically, the Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Capital Management

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the year ended December 31, 2018.

Fair Value

The fair value of the Company's financial assets and liabilities approximate the carrying amount wither due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

9. SUBSEQUENT EVENTS

On February 19, 2019, 200,000 common shares were issued to a consultant of the Company.