



**Redfund Capital Corp.**  
**(Formerly Parana Copper Corporation)**  
**Condensed Interim Consolidated Financial Statements**  
**For the Three and Nine Months Ended June 30, 2019 and 2018**

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

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED 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 condensed interim consolidated financial statements of Redfund Capital Corp. ("Redfund" or "the Company") for the interim period ended June 30, 2019 have been prepared in accordance with the International accounting Standard 34 - Interim Financial Reporting as issued by the International Accounting Standards Board and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements.



**Redfund Capital Corp.**

(Formerly Parana Copper Corporation)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars - Unaudited)

	Note	Three months ended June 30,		Nine months ended June 30,	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>Interest income</b>		<b>65,455</b>	-	<b>110,811</b>	-
<b>Expenses</b>					
Consulting	6,7	<b>778,102</b>	-	<b>1,117,528</b>	42,250
Stock-based compensation	5,6	-	-	<b>423,000</b>	-
Public relations		<b>37,497</b>	-	<b>384,569</b>	-
Investor relations and marketing		-	-	<b>285,300</b>	7,875
Travel	7	<b>46,291</b>	-	<b>101,043</b>	-
Regulatory and filing		<b>25,451</b>	2,047	<b>51,497</b>	22,721
Professional	7	<b>41,101</b>	-	<b>48,351</b>	3,675
Office		<b>17,186</b>	537	<b>37,007</b>	5,832
Bank charges		<b>897</b>	-	<b>1,486</b>	-
<b>Loss from operations</b>		<b>881,070</b>	2,584	<b>2,338,970</b>	82,353
<b>Other (income) expense</b>					
Foreign exchange gain		<b>(41,720)</b>	-	<b>(41,720)</b>	-
<b>Loss and comprehensive loss for the period</b>		<b>839,350</b>	2,584	<b>2,297,250</b>	82,353
<b>Weighted average number of common shares outstanding</b>					
Basic and diluted		<b>49,455,268</b>	20,178,863	<b>47,543,486</b>	20,178,863
<b>Loss per share</b>					
Basic and diluted		<b>\$0.02</b>	\$0.00	<b>\$0.05</b>	\$0.00

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

**Redfund Capital Corp.**  
(Formerly Parana Copper Corporation)  
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
(Expressed in Canadian Dollars - Unaudited)

	Share Capital		Stock-based reserve	Subscriptions received in advance	Deficit	TOTAL
	Number of shares	Share capital				
		\$	\$	\$	\$	\$
<b>Balance, September 30, 2017</b>	<b>20,178,885</b>	<b>23,509,240</b>	<b>6,372,363</b>	-	<b>(29,816,081)</b>	<b>65,522</b>
Net loss for the period	-	-	-	-	(82,353)	(82,353)
<b>Balance, June 30, 2018</b>	<b>20,178,885</b>	<b>23,509,240</b>	<b>6,372,363</b>	-	<b>(29,898,434)</b>	<b>(16,831)</b>
Private placement, net of issuance costs (note 6)	7,779,894	1,312,351	71,473	-	-	1,383,824
Shares issued for services (note 6)	2,933,333	550,000	-	-	-	550,000
Acquisition of Ultra Invest (notes 5 and 6)	10,304,000	1,932,000	-	-	-	1,932,000
Subscriptions received in advance (note 6)	-	-	-	564,208	-	564,208
Net loss for the period	-	-	-	-	(3,669,863)	(3,669,863)
<b>Balance, September 30, 2018</b>	<b>41,196,112</b>	<b>27,303,591</b>	<b>6,443,836</b>	<b>564,208</b>	<b>(33,568,297)</b>	<b>743,338</b>
Private placement, net of issuance costs (note 6)	5,724,999	1,681,333	6,700	(564,208)	-	1,123,825
Shares issued for services (note 6)	3,295,833	619,167	-	-	-	619,167
Stock-based compensation	-	-	423,000	-	-	423,000
Net loss for the period	-	-	-	-	(2,297,250)	(2,297,250)
<b>Balance, June 30, 2019</b>	<b>50,216,944</b>	<b>29,604,091</b>	<b>6,873,536</b>	-	<b>(35,865,547)</b>	<b>612,080</b>

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

**Redfund Capital Corp.**  
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Condensed Interim Consolidated Statements of Cash Flows  
(Expressed in Canadian Dollars - Unaudited)

	<b>For the nine months ended</b>	
	<b>2019</b>	<b>June 30, 2018</b>
	\$	\$
<b>Cash flows used in operating activities</b>		
Loss for the period	(2,297,250)	(82,353)
Adjustment for non-cash items		
Stock-based compensation	1,042,167	-
Changes in non-cash operating working capital		
Interest receivable	(41,594)	-
Prepaid expenses	138,750	(12,000)
Accounts payable and accrued liabilities	(152,805)	6,000
<b>Net cash used in operating activities</b>	<b>(1,310,732)</b>	<b>(88,353)</b>
<b>Cash flows provided by (used in) financing activities</b>		
Proceeds from issuance of common shares, net of issuance costs	1,123,825	-
Issuance of convertible notes receivable	(670,820)	-
<b>Net cash provided by financing activities</b>	<b>453,005</b>	<b>-</b>
<b>Change in cash</b>	<b>(857,727)</b>	<b>(88,353)</b>
Cash, beginning of period	928,249	88,954
<b>Cash, end of period</b>	<b>70,522</b>	<b>601</b>

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

## **Redfund Capital Corp.**

(Formerly Parana Copper Corporation)

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars - Unaudited)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Redfund 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 condensed interim 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 June 30, 2019, 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. BASIS OF PREPARATION**

#### **a) 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 August 27, 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 interim consolidated financial statements.

## **2. BASIS OF PREPARATION (continued)**

### **b) Basis of measurement**

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value, or amortized cost, as applicable. The presentation currency is the Canadian dollar; therefore, all amounts are presented in Canadian dollars unless otherwise noted.

### **c) Significant estimates and assumptions**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the going concern assumption, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability of deferred tax assets.

### **d) Significant judgments**

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- carrying value of exploration and evaluation asset;
- the determination of the functional currency of the parent company and its subsidiaries; and
- measurement of share-based transactions.

The preparation of the financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.



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**2. BASIS OF PREPARATION (continued)****e) Going concern**

The 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. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for the financial statements, then adjustments to the carrying value of assets and liabilities, the reported expenses and the statement of financial position would be necessary (Note 1).

**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.

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**3. NEW ACCOUNTING STANDARDS (continued)**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 condensed interim 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 does not expect 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 condensed interim financial statements.

**4. CONVERTIBLE LOANS RECEIVABLE**

		<b>June 30, 2019</b>	September 30, 2018
		<b>\$</b>	<b>\$</b>
Biolog, Inc.	i.	-	194,000
Biominales Pharma Corp.	ii.	<b>250,000</b>	255,000
RxMM Health Capital Inc.	iii.	<b>220,740</b>	-
Mary's Wellness	iv.	-	-
Winterlife Inc.	v.	<b>100,080</b>	-
Impairment of convertible loans receivable		-	(449,000)
		<b>570,820</b>	-

- 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.

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### **4. CONVERTIBLE LOANS RECEIVABLE (continued)**

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 Biominerales 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.

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.

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Notes to the Condensed Interim Consolidated Financial Statements

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**4. CONVERTIBLE LOANS RECEIVABLE (continued)**

- 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 was secured by a general security agreement on assets of MWL. The loan bore an interest rate of 12.5% per annum compounded monthly and was 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 was secured by the borrowers' assets. The entire loan was converted on March 20, 2019 to a 5% equity interest in MWL (see Note 5(b) below).
- 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.

**5. ACQUISITIONS AND INVESTMENTS****a) 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.

**b) Mary's Wellness**

On March 20, 2019, the Company converted its \$100,000 convertible loan receivable to 5% of the common shares in MWL. The investment in MWL was recorded at cost, as the Company does not have significant influence nor control over MWL.

## **6. SHARE CAPITAL**

### **a) Authorized share capital**

Unlimited number of common shares without par value

### **b) 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 condensed interim financial statements have been adjusted to reflect these changes.

### **c) Issued share capital**

For the period ended June 30, 2019

During the nine months ended June 30, 2019, the Company issued a total of 3,295,833 shares to consultants on the following dates for Consulting services rendered:

- February 19, 2019: 200,000 shares for a total value of \$50,000
- April 5, 2019: 1,262,500 shares for a total value of \$252,500
- April 24, 2019: 833,333 shares for a total value of \$166,667
- May 13, 2019: 1,000,000 shares for a total value of \$150,000

The above share issuances were recognized as stock-based compensation and included in consulting expenses.

On October 11, 2018, the Company closed a private placement by issuing 5,724,999 units at \$0.30 per unit for total gross proceeds of \$1,717,500. Each unit consists of one common share and one warrant entitling the holder to one additional common share for \$0.55 for a period of two years from date of grant. \$564,208 of the subscription proceeds were received during the year ended September 30, 2018. A cash commission of \$29,497 was paid and 21,467 broker warrants were issued, containing the same exercise terms as the private placement warrants. The fair value of the 21,467 broker warrants was estimated at \$6,700 (see Share Purchase Warrants below).

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 per unit for total gross 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 two years from the date of grant, 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.

**6. SHARE CAPITAL (continued)**

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 (see Share Purchase Warrants below).

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.

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.

**d) 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 assumptions: i) exercise price: \$0.51; ii) share price: \$0.51; iii) term: 5 years; iv) volatility: 111%; v) risk-free rate: 2.04%. The value of these options was included in reserves for the period ended June 30, 2019. As at June 30, 2019, there were 1,050,000 options issued and outstanding, which had a weighted average life remaining of 4.29 years.

**e) Share purchase warrants**

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

	<b>June 30, 2019</b>		<b>September 30, 2018</b>	
	<b>Weighted Average Exercise Price</b>	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Warrants</b>
Outstanding, beginning of period	\$ 0.26	18,223,832	\$ 0.14	7,111,110
Issued	0.55	5,746,466	0.34	11,112,722
Outstanding, end of period	\$ 0.33	23,970,298	\$ 0.26	18,223,832

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**6. SHARE CAPITAL (continued)**

Warrants outstanding as at June 30, 2019 are as follows:

<b>Exercise price</b>	<b>Issue date</b>	<b>Expiry date</b>	<b>Number of Warrants</b>
\$ 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
			<b>23,970,302</b>

On August 2, 2018, the Company issued 7,779,894 warrants as part of the previously disclosed private placement on the same date. In addition, the Company issued 399,495 broker warrants containing the same exercise terms as the private placement warrants (see Issued Share Capital above). The broker warrants had a fair value of \$71,473 using the Black Scholes model with the following assumptions: i) exercise price: \$0.34, ii) share price: \$0.22, iii) term: 2 years, iv) volatility: 201%, v) risk-free rate: 2.08%. The value of these broker warrants was included in reserves for the period ended September 30, 2018.

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 elected not to revalue the stock-based compensation associated with the extension of the warrant terms.

On October 11, 2018, the Company issued 5,724,999 warrants as part of the previously disclosed private placement on the same date. In addition, the Company issued 21,467 broker warrants containing the same exercise terms as the private placement warrants (see Issued Share Capital above). The broker warrants had a fair value of \$6,700 using the Black Scholes model with the following assumptions: i) exercise price: \$0.55; ii) share price: \$0.51; iii) term: 2 years; iv) volatility: 111%; v) risk-free rate: 2.04%. The value of these broker warrants was included in reserves for the period ended June 30, 2019.

**7. RELATED PARTY TRANSACTIONS**

**Transactions with key management and directors**

The Company incurred the following transactions for the three and nine-month periods ended June 30, 2019 and 2018 with companies controlled by current and former directors and officers of the Company:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>2019</b>	<b>June 30, 2018</b>	<b>2019</b>	<b>June 30 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Rent and professional fees	<b>8,394</b>	-	<b>24,144</b>	8,925
Consulting fees	<b>81,083</b>	-	<b>306,464</b>	30,000
Travel	<b>30,821</b>	-	<b>76,072</b>	-
	<b>120,298</b>	-	<b>406,680</b>	38,925

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Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars - Unaudited)

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### **7. RELATED PARTY TRANSACTIONS (continued)**

#### **Related party balances**

As at June 30, 2019, the Company owes \$Nil (2018 - \$12,000) for consulting fees to a company controlled by the Chief Executive Officer and director of the Company.

As at June 30, 2019, the Company owes \$Nil (2018 - \$5,250) for consulting fees to a company controlled by the previous 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.



**Redfund Capital Corp.**

(Formerly Parana Copper Corporation)

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars - Unaudited)

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**8. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)**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 June 30, 2019.

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 July 8, 2019, the Company issued a total 1,000,000 shares with a total value of \$125,000 to a consulting firm for consulting services rendered in the period ending June 30, 2019.