BUCEPHALUS CAPITAL CORP.

Consolidated Financial Statements

December 31, 2020 & 2019

(Expressed in Canadian dollars)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards. These consolidated financial statements contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors reviews the results of the annual audit and the consolidated financial statements prior to submitting the consolidated financial statements to the Board for approval.

The Company's auditors, MNP LLP, are appointed by the shareholders to conduct an audit and their report follows.

Signed: ***"John McMahon"***
Chief Executive Officer

Toronto, Ontario
April 28, 2021

Independent Auditor's Report

To the Shareholders of Bucephalus Capital Corp.:

Opinion

We have audited the consolidated financial statements of Bucephalus Capital Corp. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Kevin Spidle.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

April 28, 2021 — Licensed Public Accountants

Bucephalus Capital Corp.
Consolidated Statements of Financial Position
(In Canadian Dollars)

	December 31, 2020	December 31, 2019
Assets		
Cash	**$ 18,424**	$ 54,583
Accounts receivable	**17,653**	20,971
Prepaid expenses	**750**	650
Accrued interest receivable (note 5)	**24,811**	31,058
Bridge loans (note 5)	**36,020**	86,615
Portfolio investments (note 6)	**258,866**	258,247
	$ 356,524	$ 452,124
Liabilities		
Accounts payable and accrued liabilities (note 12)	**$ 530,364**	$ 250,631
Shareholders' Equity		
Share capital (note 7 (b))	**3,235,409**	3,235,409
Contributed surplus (note 7(c))	**35,343**	35,343
Deficit	**(3,444,592)**	(3,069,259)
Total shareholders' equity	**173,840**	201,493
	$ 356,524	$ 452,124

Subsequent Events (note 13)

On Behalf of the Board:

"John McMahon" Director

"Jason Ewart" Director

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

Bucephalus Capital Corp.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(In Canadian Dollars)

	Share Capital	Contributed Surplus	Deficit	Total
	$	$	$	$
Balance December 31, 2018	**3,235,409**	**35,343**	**(1,813,748)**	**1,457,004**
Net loss for the year	-	-	(1,255,511)	(1,255,511)
Balance December 31, 2019	**3,235,409**	**35,343**	**(3,069,259)**	**201,493**
Net loss for the year	-	-	(375,333)	(375,333)
Balance December 31, 2020	**3,235,409**	**35,343**	**(3,444,592)**	**(173,840)**

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

Bucephalus Capital Corp.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2020 and 2019
(In Canadian Dollars)

		2020		2019
Investment income and management fees				
Change in value of portfolio investments	**$**	**92**	$	(819,176)
Credit losses		**(60,836)**		(87,218)
Interest income		**5,098**		29,359
Dividend income		**1,268**		1,615
Foreign exchange (loss)		**912**		(7,334)
		(53,466)		(882,754)
Expenses				
Audit and legal fees		**17,100**		36,242
Consulting fees (note 12)		**276,000**		276,000
Filing and listing fees		**25,336**		24,580
Interest expense		**-**		15,465
Office expense		**3,431**		20,470
		321,867		372,757
Net loss and comprehensive loss for the year	**$**	**(375,333)**	$	(1,255,511)
Net loss per share – basic and diluted (note 8)	**$**	**(0.01)**	$	(0.04)
Weighted average number of shares outstanding – basic and diluted		**29,514,241**		29,514,241

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

Bucephalus Capital Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(In Canadian Dollars)

		2020		2019
Operating activities				
Net loss for the year	**$**	**(375,333)**	$	(1,255,511)
Change in value of portfolio investments		**(619)**		819,176
Credit losses		**60,836**		87,218
Interest income		**(4,739)**		(17,359)
Net changes in non-cash working capital balances				
Accrued interest receivable		**745**		(21,412)
Prepaid expenses		**(100)**		2,997
Accounts receivable		**3,318**		86,584
Accounts payable and accrued liabilities		**279,733**		122,136
		(36,159)		(176,171)
Investing activities				
Advances of bridge loans		**-**		(100,000)
Purchase of portfolio investments		**-**		(21,775)
Proceeds from sale of portfolio investments		**-**		157,495
		-		35,720
(Decrease) increase in cash		**(36,159)**		(140,451)
Cash, beginning of year		**54,583**		195,034
Cash, end of year	**$**	**18,424**	$	54,583

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

1. Nature of Business

Bucephalus Capital Corp. ("BCC" or the "Company"), through its wholly owned subsidiary, Bradstone Financial Corp. (“BFC”), invests in companies across many industries such as oil and gas, mining, manufacturing, retail, financial services, technology, and biotechnology. The Company is a public company incorporated and domiciled in Ontario, Canada. The Company's registered office is located at 273 Tweed Street, Cobourg, Ontario K9A 2Z4. The Company’s subordinate voting shares commenced trading on the Canadian Securities Exchange ("CSE") on March 14, 2016.

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which had a significant impact on businesses through restrictions put in place by the Canadian federal, provincial, and municipal governments regarding travel, business operations, and isolations/quarantine orders. While the Company has not yet experienced any material impact on its ability to conduct operations, it is unknown the extent of the future impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements, including comparative periods, have been prepared, using International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The reporting currency used for the consolidated financial statements is Canadian dollars. The functional currency used by the Company and its subsidiary is Canadian dollars.

These consolidated financial statements were approved by the Company’s Board of Directors on April 28, 2021.

3. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared by management in accordance with IFRS. Outlined below are those policies considered particularly significant for the Company.

A. Use of Estimates

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the year. Financial statement items subject to significant management judgment include:

- Credit losses – Management exercises judgement to determine the expected credit losses on loans (note 3 (B)).
- Valuation of portfolio investments – Where investments are not traded in an active market, management exercises judgement to determine the fair value of these assets. These assumptions include observation of recent private sales on the underlying securities (if available) and estimating the inputs to the Black-Scholes option pricing model (note 3 (B)).
- The Black-Scholes option pricing model is used to determine the fair value of the share-based payments and utilizes subjective assumptions such as expected price volatility and expected life of the option. Discrepancies in these input assumptions can significantly affect the fair value estimate (note 3 (H)).

While management believes that the estimates and assumptions are reasonable, actual results may differ materially from those estimates.

3. Summary of Significant Accounting Policies - continued

B. Financial instruments

Financial assets and financial liabilities, including derivatives, are recognized on the consolidated statements of financial position when the Company becomes a party to the financial instrument or derivative contract.

Classification
The Company classifies its financial assets and financial liabilities in the following measurement categories:
(1) those to be measured subsequently at fair value through profit or loss ("FVTPL");
(2) those to be measured subsequently at fair value through other comprehensive income ("FVTOCI"); and
(3) those to be measured subsequently at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are recorded in the consolidated statements of operations and comprehensive loss.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company's classification and measurements of financial assets and liabilities are summarized below:

	Classification
Cash	Amortized cost
Accrued interest receivable	Amortized cost
Accounts receivables	Amortized cost
Bridge loans	Amortized cost
Portfolio investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost

Financial assets at amortized cost
This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely payment of principal and interest ("SPPI") criterion. Financial assets classified in this category are measured at amortized cost using the effective interest method.

Financial assets at fair value through profit or loss
This category includes derivative instruments as well as equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category also includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in the consolidated statements of operations and comprehensive loss.

Measurement
All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3. Summary of Significant Accounting Policies – continued

B. Financial instruments - continued

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through the consolidated statements of operations and comprehensive loss.

Fair value hierarchy

Financial assets measured at fair value or where their fair value is disclosed in the notes must be classified into one of the three hierarchy levels set forth below for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair value of assets and liabilities.

- Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2: Valuation models which utilize predominately observable market inputs; and
- Level 3: Valuation models which utilize predominately non-observable market inputs.

The classification of a financial asset in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The Company's fair value financial instruments are classified as follows:

Financial instrument	***Classification***
Portfolio investments	Levels 1, 2, and 3

At the end of each reporting period, management estimates the fair value of investments based on the criteria below and reflects such valuations in the restated financial statements.

i. Securities including shares, options, and warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices at the end of the reporting period or the closing trade price on the last day the security traded if there were no trades at the end of the reporting period. These are included in Level 1 of the fair value hierarchy.

ii. For options, warrants, and conversion features which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used. Valuation models such as the Black-Scholes valuation model ("Black-Scholes") are used when there are sufficient and reliable observable market inputs. These market inputs include risk-free interest rate, exercise price, market price at the date of valuation, expected dividend yield, expected life of the instrument and expected volatility of the underlying security based on historical volatility. These are included in Level 2 of the fair value hierarchy.

iii. Convertible debts and loans issued by investee companies are generally valued at the price in which the instrument was issued. The Company regularly considers whether any indications of deterioration in the value of the underlying business exist, which suggest that the debt instrument will not be fully recovered. The fair value of convertible debentures is measured using valuation techniques such as Black-Scholes model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment and assumptions provided by management is required in establishing fair values. Judgments include consideration of inputs such as credit risk, discount rates, volatility, probability of certain triggering events, and share price of private company borrowers. Changes in assumptions relating to these factors could affect the reported fair value of the financials instruments. These are included in Level 3 of the fair value hierarchy.

3. Summary of Significant Accounting Policies – continued

B. Financial instruments - continued

Fair value hierarchy - continued

iv. Private company investments

All privately-held investments (including options, warrants, and conversion features) are initially recorded at the transaction price, being the fair value at the time of acquisition. At the end of each reporting period, the fair value of an investment may (depending upon the circumstances) be adjusted using one or more of the valuation indicators described below. These are included in Level 3 of the fair value hierarchy (see note 9).

The determination of fair value of the Company's privately-held investments at other than initial cost, is subject to certain limitations. Financial information for private companies in which the Company has investments, may not be available and, even if available, that information may be limited and/or unreliable.

Use of the valuation approach described below may involve uncertainties and determinations based on management's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will also consider trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

The fair value of a privately-held investment may be adjusted if:

i. There has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
ii. There have been significant corporate, political, or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and, therefore, its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;
iii. The investee company is placed into receivership or bankruptcy;
iv. Based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
v. Release by the investee company of positive/negative operational results; and
vi. Important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Fair value hierarchy - continued

Adjustments to the fair value of a privately-held investment will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed.

In addition, the amounts at which the Company's privately-held investments could be currently disposed of may differ from the carrying value assigned.

Expected credit losses on financial assets

Determining an allowance for expected credit losses ("ECLs") for all debt financial assets not held at fair value through profit or loss ("FVTPL") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection, and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition.

3. Summary of Significant Accounting Policies – continued

C. Provisions

The Company recognizes provisions when a legal or constructive obligation exists as a result of past events, when it is probable that there will be an outflow of economic benefits from the entity, and a reliable estimate of the amount of the obligation can be made. When a provision is expected to settle beyond the immediate term, the provision is measured at the present value of future cash flows, discounted at prevailing market interest rates. With the passage of time, additional expenses are recorded as the provision accretes.

D. Revenue Recognition

Realized gains (losses) on disposals of investments and unrealized gains (losses) on securities classified as FVTPL are reflected in the consolidated statements of operations and comprehensive loss on the transaction date and are calculated on an average cost basis. For all financial instruments measured at amortized cost and interest-bearing financial assets, interest income or expenses are recorded using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

E. Foreign Currency Translation

Monetary assets and liabilities denominated in currencies other than Canadian dollars are translated into Canadian dollars at the rate of exchange in effect at the end of the reporting period. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains and losses resulting from translation are reflected in profit or loss.

F. Income Taxes

Income tax 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 or other comprehensive income, in which case the income is also recognized directly in equity or other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expensed to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

3. Summary of Significant Accounting Policies – continued

G. Cash

Cash consists of cash balances and highly liquid investments with original maturities of three months or less.

H. Share-based payments

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted. In situations where equity instruments are issued to non-employees and some of 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.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transaction at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus.

No expense is recognized for awards that do no ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled aware are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as a measure at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings or loss per share.

I. Loss per share

Basic loss per share is calculated using the weighted average number of multiple and subordinate voting shares outstanding during the period.

Diluted loss per share is calculated by dividing net loss available to shareholders for the year by the diluted weighted average number of multiple and subordinate shares outstanding during the year. The diluted weighted average number of shares includes the potential dilution from shares issuable through stock options, if dilutive. This assumes that the proceeds from any shares issued on the exercise of stock options are used by the Company to repurchase and cancel shares at the average market price of the Company's share price for the period. As such, where the strike price of stock options exceeds the average market price of the Company's shares for the reporting period, the inclusion of these shares under the treasury stock method would be anti-dilutive, so these shares are excluded from the calculation of the weighted average number of diluted shares outstanding.

4. New and Revised Standards and Interpretations

IFRS 16 – Leases

IFRS 16 – Leases introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The adoption of this standard effective January 1, 2019 did not materially impact the consolidated financial statements.

5. Bridge loans

		Due Date	Stated Interest Rate		December 31 2020		December 31 2019
Individual	(a)	October 31, 2021	12%	$	10,000	$	10,000
Corporation	(b)	June 30, 2020	12%		26,020		26,615
Corporation	(c)	July 11, 2020	12%		-		50,000
Total				$	36,020	$	86,615

The fair values of the notes receivable are estimated to be approximately equivalent to their carrying values as the market rate of interest approximates the effective interest rate.

a) As at December 31, 2020, $5,931 (2019 - $4,728) in interest has been accrued. The loan is secured by a promissory note, a corporate guarantee, and equipment. A payment of $6,000 is due in May 2021 with the remaining principle and interest due on October 31, 2021

b) The loan is based in US dollars and the principal amount of the loan is US$129,029 or C$164,280 (2019 - C$167,479). US$105,000 or C$133,686 (2019 - C$136,290) was syndicated to other lenders and therefore the net amount of the loan to the Company is US$24,029 or C$30,594 (2019 - C$31,189). As at December 31, 2020 a net amount of C$8,768 (2019 - C$15,494) in interest has been accrued. Expected credit losses were estimated at C$4,575 at December 31, 2020 (2019 - C$4,575).

c) The principal of the loan is $100,000. As at December 31, 2020, $23,704 (2019 - $11,671) of interest and $10,000 (December 31, 2019 - $10,000) has been accrued but not recorded as interest income due to uncertainty of collection. The loan is secured by a promissory note and a personal guarantee. Expected credit losses of $60,836 were recognized during the year ended December 31, 2020 (2019 - $60,836).

6. Portfolio Investments

		December 31 2020		December 31 2019
Common shares in Marathon Mortgage Corp. (a) (note 13)	$	-	$	-
Common shares in Rise Life Sciences Corp. (note 13)		8,600		2,150
Other marketable securities		244,666		256,097
Total	$	253,266	$	258,247

(a) As at December 31, 2020, the Company holds 3,358,636 (2019 – 3,358,636) common shares of Marathon Mortgage Corp. (“MMC”). A fair value adjustment of $Nil was recorded in the year ended December 31, 2020 (2019 - $756,806) (notes 9 and 13).

(In Canadian Dollars)

7. Share Capital

a) *Authorized:*

Unlimited multiple voting shares ("MVS")
Unlimited subordinate voting shares ("SVS")

The rights of MVS and SVS shares are identical other than voting rights. MVS shares are entitled to four votes per share whereas SVS shares are entitled to one vote per share.

b) *Shares issued and outstanding:*

For the years ended December 31	SVS		MVS	
	Number of Shares	**Amount**	**Number of Shares**	**Amount**
Balance December 31, 2018	**23,638,717**	**2,547,044**	**5,875,524**	**688,365**
Converted from MVS to SVS (i)	113,345	12,213	(113,345)	(12,213)
Balance December 31, 2019	**23,752,062**	**2,559,257**	**5,762,179**	**676,152**
Converted from MVS to SVS (i)	57,333	6,717	(57,333)	(6,717)
Balance December 31, 2020	**23,809,395**	**2,567,040**	**5,704,846**	**668,369**

(i) During the year 57,333 (2019 – 113,345) MVS were converted on a one for one basis to 57,333 (2019 – 113,345) SVS.

c) *Stock Options*

The Company has a stock option plan (the "Plan") under which the Company may grant options to directors, officers, employees and consultants. The maximum number of common shares reserve for issue under the Plan at any point in time may not exceed 10% of the number of shares issued and outstanding. As at December 31, 2020, the Company had 480,940 (December 31, 2019 – 475,206) options available for issuance under the Plan.

As at December 31, 2020 and 2019, the Company had 1,900,000 options outstanding exercisable at $0.07 and expiring in May 2021 (note 13).

8. Loss per Share

Loss per share has been calculated using the weighted average number of SVS and MVS outstanding during the year. As the Company's stock options outstanding are anti-dilutive and there are no potentially dilutive financial instruments outstanding, diluted loss per share is the same as basic loss per share.

(In Canadian Dollars)

9. Fair Value of Financial Instruments

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the observability of significant inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2 Valuation techniques are 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); and

Level 3 Valuation techniques include one or more significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Investments consisted of the following at December 31, 2020 and 2019:

Investments	Cost $	Level 1 Quoted Market Price $	Level 2 Observable Market Inputs $	Level 3 Non-Observable Market Inputs $	Total Fair Value $
As at December 31, 2020					
Equities	988,409	21,663	-	231,603	253,266
Total investments	**988,409**	**21,663**	**-**	**231,603**	**253,266**
As at December 31, 2019					
Equities	988,409	26,643	-	231,603	258,247
Total investments	**988,409**	**26,643**	**-**	**231,603**	**258,247**

There were no changes in the classifications of financial instruments between levels 1, 2, and 3 during the years ended December 31, 2020 and 2019.

During 2019 the Company acquired $64,403 level 3 investments on the settlement of a loan. Additionally, in 2019, the Company recorded fair value adjustments of $819,176 of which $754,566 related to Level 3 investments.

The table below presents the valuation techniques and the nature of significant inputs used to determine the fair values of the Level 3 investments as at December 31, 2020:

Investment	Method	Inputs	Impact of a + / - 10% change in fair value
Equity instruments	Private placement financing technique	Price per share of last capital raise	$23,160

(In Canadian Dollars)

10. Income Taxes

The following table reconciles the expected income tax provision at the Canadian federal and provincial statutory rate of 26.5% (2019 – 26.5%) to the amounts recognized in the consolidated statement of operations and comprehensive loss:

		December 31, 2020		December 31, 2019
Loss before income taxes	**$**	**(375,333)**	$	(1,255,511)
Expected income tax recovery		**(99,460)**		(332,710)
Other adjustments		**(340)**		1,645
Change in tax benefits not recognized		**99,800**		331,065
Income tax provision (recovery)	**$**	**-**	$	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		December 31, 2020		December 31, 2019
Non-capital losses	**$**	**2,269,380**	$	1,903,150
Marketable securities	**$**	**890,850**	$	891,470
Bridge Loans	**$**	**12,620**	$	-
Share issuance costs	**$**	**1,640**	$	3,280

Non-capital losses expire between 2035 and 2040 (see below) and share issuance costs will be fully amortized in 2021. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom. The remaining deductible temporary differences may be carried forward indefinitely.

2035	$	34,590
2036		608,140
2037		324,960
2038		440,650
2039		494,810
2040		366,230
	$	2,269,380

11. Risk Management

The primary goals of the Company's risk management programs are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, and to maintain an appropriate risk/reward balance while protecting the Company's financial operations from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk tolerance with the Company's business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties.

Capital Management

The Company considers the items included in shareholders' equity as capital. The Company's capital management objectives are to maintain a strong and efficient capital structure to provide liquidity to support continued asset growth. A strong capital position also provides flexibility in considering accretive growth opportunities. It is the intention of the Company in the long term to pay out a portion of its future annual earnings to shareholders in the form of dividends. There has been no change in the capital management approach from the prior year.

Risk Management

The success of the Company is dependent upon its ability to assess and manage all forms of risk that affect its operations. The Company is exposed to many factors that could adversely affect its business, financial conditions or operating results. Developing policies and procedures to identify risk and the implementation of appropriate risk management policies and procedures is the responsibility of senior management and the Board of Directors. The Board directly, or through its committees, reviews and approves these policies and procedures, and monitors their compliance with them through ongoing reporting requirements. A description of the Company's most prominent risks follows.

Credit Risk

Concentration of credit risk may arise from exposures to a single debtor or to a group of debtors having similar characteristics such that their ability to meet their current obligations is expected to be affected similarly by changes in economic or other conditions. The Company is exposed to credit risk on its cash, accrued interest receivable, accounts receivable, and bridge loans. The Company's maximum exposure to credit risk is $96,908 (2019 - $193,227).

Market Risk

The Company is exposed to certain market risk that the value of, or future cash flows from, the Company's financial assets will significantly fluctuate due to changes in market prices. The value of the financial assets can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is required to mark to market its fair value through profit or loss investments at the end of each reporting period. This process could result in significant write-downs of the Company's portfolio investment over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavorable effect on the Company's financial position.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash to meet its obligations as they become due. As at December 31, 2020, the Company has cash of $18,424 (2019 - $54,583) to meet current financial liabilities of $530,364 (2019 - $250,631) (see note 13).

Currency Risk

The Company is exposed to certain currency risks that the value of certain financial instruments will fluctuate due to changes in foreign exchange rates. At December 31, 2020, one (2019 – one) of the Company's bridge loans receivable is denominated in US dollars. A 10% fluctuation in the US dollar foreign exchange closing rate would have resulted in a fluctuation of approximately $1,300 (2019 - $1,300) in net loss. The Company does not hedge against this foreign currency risk.

(In Canadian Dollars)

12. Transactions with related parties

a) The bridge loan described in note 5(c) was made to a company that has a common director with the Company.

b) Compensation of key management personnel

The remuneration expense of directors and other members of key management personnel during the years ended December 31, 2020 and 2019 as follows:

		December 31, 2020		December 31, 2019
Consulting fees	**$**	**112,000**	$	96,000
Stock based compensation		**-**		-
	$	**112,000**	$	96,000

C) As at December 31, 2020, included in accounts payable is $202,382 (2019 - $68,582) due to officers of the Company.

13. Subsequent Events

In the first quarter of 2021, a total of 1,800,000 stock options (note 7(c)) were exercised at $0.07 for proceeds of $126,000.

On March 2, 2021, the Company sold 100% of the shares of its wholly owned subsidiary Bradstone Financial Corporation ("BFC") in exchange for a $148,765 secured 5-year promissory note. Included in the net assets of BFC were 3,358,636 common shares of MMC (note 6), 430,000 common shares of Rise Life Sciences Corp. (note 6), and accounts payable to management of $530,190. The note bears interest at the Canadian prime rate and is secured against the shares of MMC and becomes payable in the event the buyer sells the security.

On March 19, 2021, the Company closed a non-brokered private placement issuing 25,000,000 units at a price of $0.05 per Unit for gross proceeds of $1,250,000. Each Unit consisted of one subordinated voting common share of the Company and one Common Share purchase warrant. Each full warrant entitles the holder to acquire one additional Common Share for a period of thirty-six months expiring on March 19, 2024 at an exercise price of $0.25. Finder's fees of $78,750 were paid and 1,750,000 finders warrants entitling certain eligible persons to acquire a Unit exercisable at a price of $0.05 for a period of thirty-six months from closing were issued in relation to the Private Placement. All securities issued under the Private Placement are subject to a four month hold period in accordance with applicable securities laws.

On March 25, 2021, the Company granted an aggregate of 1,400,000 options to purchase common shares of the Company exercisable at a price of $0.22 per share for a period of 3 years to officers and consultants of the Company.

On April 23, 2021, the Company closed a non-brokered private placement issuing 9,999,999 units at a price of $0.15 per Unit for gross proceeds of $1,500,000. Each Unit consisted of one subordinated voting common share of the Company and one Common Share purchase warrant. Each full warrant entitles the holder to acquire one additional Common Share for a period of thirty-six months expiring on April 23, 2024 at an exercise price of $0.25. Finder's fees of $61,220 were paid and 491,466 finders warrants entitling certain eligible persons to acquire a Unit exercisable at a price of $0.25 for a period of thirty-six months from closing were issued in relation to the Private Placement. All securities issued under the Private Placement are subject to a four month hold period in accordance with applicable securities laws.

On April 27, 2021, the Company entered into a service agreement with Ninepoint Partners GP Inc. who will receive a $25,000 per month advisory fee and were issued 5,000,000 performance warrants exercisable at a price of $0.35 to purchase common shares of the Company for a period expiring on the earlier of 3 years or a date that is 90 days after the advisory ceases to provide services to the Company.

13. Subsequent Events – continued

On April 27, 2021, the Company entered into of a non-binding letter of intent to acquire a 100% interest in Layer2 Blockchain Inc., a company which manages capital, technology, and infrastructure in the decentralized finance (DeFi) cryptocurrency sector, with a focus on scalable layer two DeFi protocols.

On April 28, 2021, the Company granted an aggregate of 2,150,000 options to purchase common shares of the Company exercisable at a price of $0.42 per share for a period of 3 years to directors, officers and consultants of the Company.