

FIBRESOURCES CORPORATION

Interim Financial Statements

For the Nine Months Ended October 31, 2019 and 2018

In Canadian Dollars

FIBRESOURCES CORPORATION

Condensed Interim Financial Statements

For the Three and Nine Months Ended October 31, 2019 and 2018

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**NOTICE OF NO AUDITOR REVIEW
OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, section 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 the financial statements have not been reviewed by an auditor.

The accompanying un-audited 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.

FIBRESOURCES CORPORATION
Condensed Interim Statements of Financial Position
(in Canadian Dollars)

	October 31, 2019	January 31, 2019
	\$	\$
ASSETS		
Current		
Accounts receivable	437	250
Total Assets	437	250
LIABILITIES		
Current		
Accounts payable and accrued liabilities	17,953	-
Demand loans (note 3)	1,735,996	1,735,996
Notes payable (note 4)	21,214	21,214
Total Liabilities	1,775,163	1,757,210
SHAREHOLDERS' EQUITY		
Share capital (note 5)	5,131,922	5,131,922
Contributed surplus (note 6)	220,638	220,638
Deficit	(7,127,286)	(7,109,520)
Total Shareholders' Equity	(1,774,726)	(1,756,960)
Total Liabilities and Shareholders' Equity	437	250

Nature and continuance of operations (Note 1)

Subsequent events (Note 9)

Approved and authorized by the Board of Directors on December 19, 2019:

"Edgar Froese"

Edgar Froese, Director

"George Lai"

George Lai, Director

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

FIBRESOURCES CORPORATION
Condensed Interim Statements of Comprehensive Loss
(in Canadian Dollars)

	Three Months ended Oct 31 2019	Three Months ended Oct 31 2018	Nine Months ended Oct 31 2019	Nine Months ended Oct 31 2018
Expenses	\$	\$	\$	\$
Management fees	-	25,618	-	76,854
Professional fees	-	4,500	-	13,500
Regulatory fees	8,258	1,250	17,766	3,750
Net Loss and Comprehensive Loss for the Year	8,258	31,368	17,766	94,104
Basic and Diluted Loss per Share	\$0.00	\$0.00	\$0.00	\$0.00
Weighted Average Number of Common Shares	7,549,302	7,549,302	7,549,302	7,549,302

FIBRESOURCES CORPORATION
Condensed Interim Statements of Changes in Shareholders' Equity and Deficit
(in Canadian Dollars)

	Number of Shares	Amount	Contributed Surplus	Deficit	Total
		\$	\$	\$	\$
Balance at January 31, 2018	7,549,302	5,131,822	253,388	(7,347,853)	(1,962,543)
Net loss for the three month period	-	-	-	(31,368)	(31,368)
Balance at April 30, 2018	7,549,302	5,131,922	253,388	(7,379,221)	(1,993,911)
Reversal of previously recorded stock-based payments and adjustments	-	-	(32,750)	-	(32,750)
Net income for the nine month period	-	-	-	269,701	269,701
Balance at January 31, 2019	7,549,302	5,131,922	220,638	(7,109,520)	(1,756,960)
Net loss for the nine month period	-	-	-	(17,766)	(17,766)
Balance at October 31, 2019	7,549,302	5,131,922	220,638	(7,127,286)	(1,774,726)

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

FIBRESOURCES CORPORATION
Condensed Interim Statement of Cash Flows
(in Canadian Dollars)

	Nine months ended Oct 31, 2019	Nine months ended Oct 31, 2018
	\$	\$
Operating Activities		
Net loss for the period	(17,766)	(94,104)
Changes in non-cash working capital items:		
Accounts receivable	(187)	28
Accounts payable, accrued liabilities and due to related parties	17,953	-
Demand loans	-	94,076
Notes payable	-	-
Cash (Used in) Provided By Operating Activities	-	-
Financing Activities		
Proceeds from loans payable	-	-
Cash Provided By Financing Activities	-	-
Increase (Decrease) in Cash	-	-
Cash, Beginning of Period	-	-
Cash, End of Period	-	-

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

1. Nature and Continuance of Operations

Fibresources Corporation (“the Company”) is a corporation continued under the *Canada Business Corporations Act*. The Company’s head office and principal address is located at 1287 Scarborough Rd, PO Box 100, Bowen Island, BC, V0N 1G0.

The Company’s shares are listed for traded on the NEX branch of the TSX Venture Exchange under the symbol FB.H; however trading has been suspended since September 2009.

Effective September 11, 2009 the Company was subject to a cease trade order issued by the British Columbia Securities Commission, and effective December 15, 2009 the Company was also subject to a cease trade order issued by the Alberta Securities Commission (together the “CTOs”); which CTOs remained in place until July 19, 2019 when the Company received revocation orders from both the BCSC and ASC to the CTOs, having filed its audited financial statements for the years ended January 31, 2019 and 2018.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. There are conditions and events that cast significant doubt on the validity of this assumption. As at October 31, 2019, the Company had a working capital deficiency of \$1,774,726 (January 31, 2019 – \$1,756,960) and an accumulated deficit of \$7,127,286 (January 31, 2019 - \$7,109,520). The Company has no source of revenue and does not have sufficient cash requirements to meet its administrative overhead. The Company’s ability to continue as a going concern is dependent upon it raising sufficient capital to settle its liabilities and find a new business opportunity. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Summary of significant accounting policies

Basis of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These should be read in conjunction with the Company’s last annual financial statements as at and for the year ended January 31, 2019 (“last annual financial statements”). The accounting policies and critical estimates applied by the Company in these condensed interim financial statements are the same as those applied in the last annual financial statements. These condensed interim financial statements do not include all of the information required for full annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Company’s financial position and performance since the last annual financial statements.

These condensed interim financial statements were approved by the Board of Directors on December 19, 2019.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. All financial liabilities not expected to be repaid as at October 31, 2019 continue to be accounted for at their carrying values. The financial statements are presented in Canadian dollars unless otherwise noted.

Critical judgments and sources of estimation uncertainty

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

2. Summary of significant accounting policies (continued)

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- (i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

Estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- (i) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Cash and cash equivalents

Cash consists of cash in bank and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. At October 31, 2019 and 2018 the Company did not have any cash or cash equivalents.

Income taxes

Deferred income taxes are provided in full, using the liability method, on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are determined using income tax rates and income tax laws that have been enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

Financial instruments

(i) *Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

2. Summary of significant accounting policies
Financial instruments (continued)

(ii) *Measurement*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Accounts receivable, demand loans and notes payable are classified as amortized cost.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in comprehensive income (loss) in the period in which they arise. Cash is classified as FVTPL.

Financial assets and liabilities carried at FVOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in comprehensive income (loss) in the period in which they arise. At October 31, 2019 and 2018, the Company has not classified any financial assets as FVOCI.

(iii) *Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) *Derecognition*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive income (loss).

Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Income (loss) per share

Basic and diluted income (loss) per share is determined by dividing the income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period.

FIBRESOURCES CORPORATION
Notes to the Financial Statements
October 31, 2019 and 2018

3. Demand Loans

Demand loans relate to debts incurred by the Company in prior years. The demand loans are unsecured and are due on demand. Demand loans totaling \$1,735,996 (July 31, 2019 - \$1,735,996) bear interest at 9.5% and 11.5% per annum. See Note 8.

4. Notes payable

Notes payable consist of preferred security promissory notes bearing interest at 6% and 10% per annum and maturing at various dates between February 2019 and December 2019. The notes are secured by a general security interest over all of the assets and business undertakings of the Company. See Note 8.

5. Share capital

(a) Authorized

At October 31, 2019 and 2018, the Company's authorized share capital consisted of an unlimited number of common shares without par value, of which 7,549,302 common shares were outstanding. As of January 31, 2019 there were 7,549,302 common shares outstanding. The Company's audited annual financial statements for the fiscal year ended January 31, 2019 and its interim financial statements for the quarters ended April 30, 2019 and July 31, 2019 inaccurately stated there to be 8,254,826 shares then outstanding.

(b) Reconciliation of changes in share capital

The Company had no private placements, and issued no warrants, options or other securities during the three months ended October 31, 2019 or 2018. There were no options, warrants or other convertible securities outstanding as of October 31, 2019.

6. Contributed surplus

During the year ended January 31, 2019, the Company reversed previously recorded stock-based compensation of \$35,000 which resulted from a commitment to issue shares for certain employment services. The commitment was forfeited when the employee ceased employment with the Company in 2006.

7. Related party disclosures

Related parties are parties that have the ability to control or to exercise significant influence over the Company. Related parties include members of the Board of Directors and officers, close family members of officers and directors and entities that are controlled by these individuals.

During the three months ended October 31, 2019, the Company accrued \$nil (2018 - \$25,618) of management fees to a director and a corporation controlled by a director.

As at October 31, 2019, demand loans of \$1,394,054 (2018 - \$1,485,163) remain payable to directors, immediate family members of a director and corporations controlled by directors.

As at October 31, 2019, notes payable of \$13,912 (2018 - \$13,162) remain payable to a director and immediate family members of a director.

8. Financial instruments

Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following three categories: fair value through profit or loss (“FVTPL”); fair value through other comprehensive income (“FVOCI”); and amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instrument	Category	Oct 31, 2019	Jan 31, 2019
Accounts receivable	Amortized cost	\$375	\$250
Demand loans	Amortized cost	1,735,996	1,735,996
Notes payable	Amortized cost	21,214	21,214

Fair value

IFRS 7 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

- Level 1 - applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 - applies to assets or liabilities for which there are unobservable market data.

The recorded amount for accounts receivable and notes payable approximate their fair value due to their short-term nature. Fair value of demand loans is nominal. The Company’s fair value of cash under the fair value hierarchy is measured using Level 1 inputs.

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company’s credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to financial instruments is remote as cash is held with large financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. All of the Company’s financial liabilities are classified as current and are anticipated to mature within the next fiscal period.

Interest rate risk

Notes payable bear interest at fixed rates, and therefore do not expose the Company to interest rate cash flow risk.

9. Capital risk management

The Company manages, as capital, the components of shareholders' equity. The Company's objectives, when managing capital, are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue common shares, borrow or adjust the amount of cash.

There were no changes to the Company's approach to capital management during 2019 or 2018. The Company is not subject to externally imposed capital requirements.