

# **AJA Ventures Inc.**

**Condensed Consolidated Interim Financial Statements**  
**Three months ended April 30, 2021**  
**(Unaudited)**

## **Notice to Reader**

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 the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

# AJA Ventures Inc.

## Condensed Consolidated Interim Statements of Financial Position

(Stated in Canadian Dollars)

(Unaudited)

	Notes	April 30, 2021	January 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 109,768	\$ 116,878
GST receivable		5,631	2,240
Prepaid expenses		9,551	-
Investments	<b>4</b>	4,197,032	572,391
<b>TOTAL ASSETS</b>		<b>\$ 4,321,982</b>	<b>\$ 691,509</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 92,155	\$ 80,172
Demand loans	<b>5</b>	216,721	276,721
Loan payable	<b>6</b>	-	1,730,154
Subscriptions received in advance	<b>7</b>	553,501	503,501
<b>Total current liabilities</b>		<b>862,377</b>	<b>2,590,548</b>
<b>Shareholders' Equity</b>			
Common shares	<b>7</b>	6,900,198	5,131,922
Contributed surplus		220,638	220,638
Deficit		(3,661,231)	(7,251,599)
<b>Total equity</b>		<b>3,459,605</b>	<b>(1,899,039)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 4,321,982</b>	<b>\$ 691,509</b>

Nature and continuance of operations **1**

Approved on behalf of the Board of Directors:

"Mark Rutledge"  
Mark Rutledge, Director

"Edgar Froese"  
Edgar Froese, Director

## AJA Ventures Inc.

### Condensed Consolidated Interim Statements of Earnings (Loss) and Comprehensive Earnings (Loss)

(Stated in Canadian Dollars)

(Unaudited)

	Notes	Three months ended April 30,	
		2021	2020
<b>Expenses</b>			
Filing and listing fees		\$ 2,279	\$ 2,170
General and administrative		183	-
Professional fees		40,425	5,750
Promotion and marketing		12,458	-
Transfer agent fees		2,305	-
<b>Loss before other items and income taxes</b>		<b>(57,650)</b>	<b>(7,920)</b>
<b>Other items</b>			
Foreign exchange gain (loss)		1,499	-
Finance charges	6	(10,816)	-
Forgiveness of debt	6	32,693	-
Fair value changes on investments	4	3,624,642	-
<b>Earnings (loss) and comprehensive earnings (loss) for the period</b>		<b>\$ 3,590,368</b>	<b>\$ (7,920)</b>
<b>Basic and diluted income (loss) per common share</b>	7	<b>\$ 0.76</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	7	<b>4,728,563</b>	<b>754,909</b>

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

## AJA Ventures Inc.

### Condensed Consolidated Interim Statements of Changes in Equity

(Stated in Canadian Dollars)

(Unaudited)

	Common Shares		Contributed Surplus	Deficit	Total
	Number <sup>1</sup>	Amount			
<b>Balance at January 31, 2021</b>	754,909	\$ 5,131,922	\$ 220,638	\$ (7,251,599)	\$ (1,899,039)
Common shares issued for subsidiary	28,471,268	1,708,276	-	-	1,708,276
Common shares issued for debt	1,000,001	60,000	-	-	60,000
Earnings (loss) for the period	-	-	-	3,590,368	3,590,368
<b>Balance at April 30, 2021</b>	<b>30,226,178</b>	<b>\$ 6,900,198</b>	<b>\$ 220,638</b>	<b>\$ (3,661,231)</b>	<b>\$ 3,459,605</b>

	Common Shares		Contributed Surplus	Deficit	Total
	Number <sup>1</sup>	Amount			
<b>Balance at January 31, 2020</b>	754,909	\$ 5,131,922	\$ 220,638	\$ (7,261,923)	\$ (1,909,363)
Earnings (loss) for the period	-	-	-	(7,920)	(7,920)
<b>Balance at April 30, 2020</b>	<b>754,909</b>	<b>\$ 5,131,922</b>	<b>\$ 220,638</b>	<b>\$ (7,269,843)</b>	<b>\$ (1,917,283)</b>

<sup>1</sup> The number of common shares reflects a one-for-ten share consolidation which occurred on April 13, 2021 (note 7).

All common shares disclosed in these condensed consolidated interim financial statements reflect these changes.

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

## AJA Ventures Inc.

### Condensed Consolidated Interim Statements of Cash Flows

(Stated in Canadian Dollars)

(Unaudited)

	Three months ended April 30,	
	2021	2020
<b>Operating Activities</b>		
Earnings (loss) for the period	\$ 3,590,368	\$ (7,920)
Items not involving cash:		
Finance charges	10,816	-
Forgiveness of debt	(32,693)	-
Fair value changes on investments	(3,624,642)	-
Changes in non-cash working capital items:		
GST receivable	(3,391)	(350)
Prepaid expenses	(9,551)	-
Accounts payable and accrued liabilities	11,983	7,350
<b>Net cash used in operating activities</b>	<b>(57,110)</b>	<b>(920)</b>
<b>Financing Activities</b>		
Proceeds from demand loans	-	920
Subscriptions received in advance	50,000	-
<b>Net cash provided by financing activities</b>	<b>50,000</b>	<b>920</b>
<b>Change in cash during the period</b>	<b>(7,110)</b>	<b>-</b>
<b>Cash, beginning of period</b>	<b>116,878</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 109,768</b>	<b>\$ -</b>
<b>Supplemental Cash Flow Information</b>		
Income taxes paid	\$ -	\$ -
Interest paid (received)	\$ -	\$ -
<b>Non-cash Financing Activities</b>		
Issuance of common shares for purchase of subsidiary	\$ 1,708,276	\$ -
Issuance of common shares for payment of demand loans	\$ 60,000	\$ -

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

# AJA Ventures Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

April 30, 2021

(Stated in Canadian Dollars)

(Unaudited)

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### 1. Nature and Continuance of Operations

AJA Ventures Inc. (the "Company"), was incorporated under the laws of the Province of Alberta on April 19, 1998 and on July 26, 2002, the Company received a Certificate of Continuance from the Director under the provisions of the Canada Business Corporations Act and discontinued from the jurisdiction of Alberta. On February 11, 2020, the Company continued from under the Canada Business Corporations Act to under the Business Corporations Act (British Columbia). The Company's principal office is located at 909 – 510 Burrard Street, Vancouver, BC, V6C 3A8.

The Company's shares were previously listed on the TSX Venture Exchange ("TSX-V"), however, its shares have not traded on the TSX-V since 2009. During the three months ended April 30, 2021, the Company voluntarily delisted its shares from the TSX-V. The Company's principal business is the identification and evaluation of assets or businesses in which to invest or acquire. To date, the Company has made equity investments in two separate life sciences businesses.

During the three months ended April 30, 2021, the Company restructured its business by 1) completing a one-for-ten share consolidation; and 2) completing an amalgamation and shares for debt transactions (notes 3, 5, 6, and 7).

During the first quarter of calendar 2020, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

As at April 30, 2021, the Company had not yet achieved profitable operations, has variable gains and losses depending on the valuations of its investments, and expects to incur further losses in the development of its business. These factors indicate a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern. The Company's continuation as a going concern is primarily dependent upon its ability to raise financing from equity markets or borrowings and upon successful results from its investments. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

The condensed consolidated interim financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

# AJA Ventures Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

April 30, 2021

(Stated in Canadian Dollars)

(Unaudited)

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### 2. Basis of Preparation

a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, are unaudited and have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's January 31, 2021 annual financial statements.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's last annual financial statements as at and for the year ended January 31, 2021 and filed on SEDAR.com.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published and effective at the time of preparation.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

These condensed consolidated interim financial statements include the accounts of the following entities:

	<u>Relationship</u>	<u>Percentage</u>	<u>Location of Incorporation</u>
AJA Ventures Inc.	Parent		Canada
1250148 BC Ltd.	Subsidiary	100%	Canada

Inter-company balances and transactions have been eliminated on consolidation.

c) Approval of the financial statements

The condensed consolidated interim financial statements of the Company for the three months ended April 30, 2021 were reviewed by the audit committee and approved and authorized for issue by the Board of Directors on July 9, 2021.



## AJA Ventures Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

April 30, 2021

(Stated in Canadian Dollars)

(Unaudited)

#### 3. Amalgamation and Acquisition of Subsidiary

On April 19, 2021, the Company acquired a wholly-owned subsidiary, 1250148 BC Ltd., via completion of a three-cornered amalgamation (the "Amalgamation Agreement") whereby the Company incorporated a subsidiary, 1299337 BC Ltd. ("Subco") for the sole purpose of amalgamating Subco with 1250148 BC Ltd. ("Finco"). Subco and Finco were continued as one corporation ("Amalco") wholly owned by the Company. This Amalgamation Agreement was completed by the following steps:

- i) Each Finco shareholder received one common share of the Company for each Finco common share held;
- ii) Each issued and outstanding Subco common share was cancelled and replaced by one Amalco common share; and
- iii) Amalco issued one Amalco common share to the Company for each Company common share issued to the Finco shareholders.

Amalco continued under the name of 1250148 BC Ltd. The result of this transaction is the Company acquiring a 100% owned subsidiary through the issuance of 28,471,268 common shares at \$0.06 per share for \$1,708,276 (note 7). This transaction resulted in settlement of a loan payable of \$1,708,276 advanced by Finco during the year ended January 31, 2021 (note 6).

#### 4. Investments

	January 31, 2021	Purchases	Dispositions	Change in Fair Value	April 30, 2021
Cellular Goods Plc	\$ 522,390	\$ -	\$ -	\$ 3,624,642	\$ 4,147,032
Filament Ventures Corp.	50,000	-	-	-	50,000
1250148 BC Ltd. (note 3)	1	-	-	-	-
	<u>\$ 572,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,624,642</u>	<u>\$ 4,197,032</u>

##### a) Cellular Goods Plc ("Cellular")

Cellular is a UK based public company with a focus on establishing a premium high-quality, independently tested and compliant CBD consumer product brand. Its shares are listed and traded on the London Stock Exchange. The fair value change of \$3,624,642 represents a gain on mark-to-market of Cellular's common shares.

##### b) Filament Ventures Corp. ("Filament")

Filament is a Canadian based private company with a focus on being a natural psychedelic drug discovery and extraction company.

#### 5. Demand Loans

Demand loans relate to debts incurred by the Company in prior years. The demand loans are unsecured and are due on demand. During the three months ended April 30, 2021, the Company issued 1,000,001 common shares to settle \$60,000 of debt (note 7 and 8).

## AJA Ventures Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

April 30, 2021

(Stated in Canadian Dollars)

(Unaudited)

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#### 6. Loans Payable

During the year ended January 31, 2021, a loan of \$ 1,708,276 was advanced to the Company by Finco (note 3). The loan bears interest at 3% per annum, calculated monthly, and is payable on repayment of the loan. With the completion of the transaction discussed in note 3, the accrued interest was forgiven, and the loan is now an inter-company loan that is eliminated on consolidation.

#### 7. Shareholders' Equity

a) Authorized:

An unlimited number of common shares with no par value.

b) On April 13, 2021, the number of common shares outstanding were consolidated on a one-for-ten basis. This reduced the common shares outstanding from 7,549,302 to 754,909.

c) During the three months ended April 30, 2021, the Company issued the following common shares:

i) On April 19, 2021, the Company acquired all of the outstanding common shares of Finco (note 3) by issuing 28,471,268 common shares at \$0.06 per share for \$1,708,276.

ii) On April 19, 2021, the Company issued 1,000,001 common shares at \$0.06 per share for \$60,000 of debt settlement (note 5 and 8).

d) Income (loss) per share:

	Three months ended April 30, 2021	Three months ended April 30, 2020
Numerator:		
Net income (loss)	\$ 3,590,368	\$ (7,920)
Denominator:		
Weighted average number of common shares (basic)	4,728,563	754,909
Dilutive effect of other securities	-	-
Weighted average number of common shares (diluted)	4,728,563	754,909
Basic and diluted income (loss) per common share	\$ 0.76	\$ (0.01)

e) Subscriptions received in advance:

As at April 30, 2021, the Company received \$553,501 (January 31, 2021 - \$503,501) in advance proceeds for unit subscriptions related to a private placement. The units were subscribed at \$ 0.09 per unit, and each unit is expected to consist of one common share and one-half of one share purchase warrant. Each whole warrant is expected to entitle the holder to acquire one additional common share at \$ 0.12 for a period of 24 months. As of the date of these condensed consolidated interim financial statements, these units have not been issued.

# AJA Ventures Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

April 30, 2021

(Stated in Canadian Dollars)

(Unaudited)

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### 8. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

The following is a summary of the related party transactions that occurred during the three months ended April 30, 2021:

a) Compensation of key management personnel

The Company has determined that key management personnel consist of its Directors, the CEO and CFO.

Key management personnel did not receive any short-term employee benefits from the Company. Also, key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during these periods.

b) Other related party transactions

The Company issued 1,000,001 common shares to the CEO of the Company for payment of \$60,000 of debts outstanding. As at April 30, 2021, the Company owes CEO \$nil.

At April 30, 2021, \$nil (January 31, 2021 - \$2,680) is owing to the former CFO of the Company.

### 9. Financial Instruments and Capital Management

The investment operations of the Company's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including interest rate, credit, currency, liquidity and market risk. A discussion of the Company's use of financial instruments and their associated risk is provided below:

a) Fair value

The Company classifies its financial instruments using a fair value hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

- Level 1: fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
- Level 3: fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

## AJA Ventures Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

April 30, 2021

(Stated in Canadian Dollars)

(Unaudited)

#### 9. Financial Instruments and Capital Management (cont'd)

	Notes	April 30, 2021			
		Level 1	Level 2	Level 3	Total
<b>FVTPL</b>					
Cash		\$ 109,768	\$ -	\$ -	\$ 109,768
Private company shares	4	-	-	50,000	50,000
Public company shares	4	4,147,032	-	-	4,147,032
		<u>\$ 4,256,800</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 4,306,800</u>

  

	Notes	January 31, 2021			
		Level 1	Level 2	Level 3	Total
<b>FVTPL</b>					
Cash		\$ 116,878	\$ -	\$ -	\$ 116,878
Private company shares	4	-	-	572,391	572,391
Public company shares	4	-	-	-	-
		<u>\$ 116,878</u>	<u>\$ -</u>	<u>\$ 572,391</u>	<u>\$ 689,269</u>

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments. As at April 30, 2021, the Company's financial instruments were cash, investments, and trade and other payables. The amounts reflected in the statements of financial position for cash and trade and other payables are carrying amounts and approximate their fair values due to their short-term nature.

The fair value of unquoted investments is established using valuation techniques. These may include the use of recent arm's length transactions, a Black-Scholes option pricing model, discounted cash flow analysis, a probability-weighted expected return model, or a current value method. Where a fair value cannot be estimated reliably, the investment is reported at the carrying value at the previous reporting date.

The Company assesses at each reporting period whether there is any objective evidence that the unquoted investments are impaired. The unquoted investments are deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future fair value of the investments that can be reliably measured.

#### b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk, with the carrying value being the Company's maximum exposure. The Company's cash consists of funds held at a chartered Canadian bank and legal counsel trust accounts. The Company is required to review impairment of its financial assets at amortized costs at each reporting period and to review its allowance for doubtful accounts for expected future credit losses. The Company minimizes credit risk by performing credit reviews, ongoing credit evaluation and account monitoring procedures.

# AJA Ventures Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

April 30, 2021

(Stated in Canadian Dollars)

(Unaudited)

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### 9. Financial Instruments and Capital Management (cont'd)

c) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected as a result of downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. The Company currently generates cash flow primarily from issuances of its common shares. The Company may in the future dispose of certain investments in order to fund obligations as they become due under normal operating conditions.

d) 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 may be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in its investments, and unfavorable market conditions could result in dispositions of investments at less than favorable prices. Additionally, the Company is required to mark to market its FVTPL investments at the end of each reporting period. This process could result in significant write-downs of the Company's investments 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.

The Company's investments include public company shares. The following table shows the estimated sensitivity on the statement of earnings (loss) and comprehensive earnings (loss) for the three-month period ended April 30, 2021 of the closing price of the Company's public company shares with all other variables held constant as at April 30, 2021:

Percentage of change in closing prices	Change in loss and comprehensive loss from % increase in closing price	Change in loss and comprehensive loss from % decrease in closing price
5%	\$207,352	\$(207,352)
10%	\$414,703	\$(414,703)

e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as cash only comprised bank account balances and legal counsel trust accounts as of April 30, 2021. The Company's loan payable (note 6) bears interest at a fixed rate. The Company had no interest rate swaps as at or during the three months ended April 30, 2021.

f) Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Financial instruments that impact the Company's earnings or loss due to currency fluctuations include foreign currency denominated assets and liabilities. The Company does not use derivative instruments or hedges to manage currency risks. The sensitivity of the Company's earnings or loss due to changes in the exchange rate between the foreign currency and Canadian dollar is included in the table below:

## AJA Ventures Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

April 30, 2021

(Stated in Canadian Dollars)

(Unaudited)

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#### 9. Financial Instruments and Capital Management (cont'd)

<u>Currency denomination</u>	<u>Investments</u>	<u>Effect of +/- 10% change in currency</u>
<u>United Kingdom</u>	<u>\$ 4,147,032</u>	<u>\$ 414,703</u>

g) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to identify and acquire new investments or business opportunities. The Company does not have any externally imposed capital requirements to which it is subject. The Company considers the aggregate of its cash and common shares as capital. The Company manages the 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 the capital structure, the Company may attempt to issue new common shares; issue debt; acquire or dispose of assets; or adjust the amount of cash.

Most of the Company's investments are in the early stage of development and are not producing positive cash flow. As such, the Company is dependent on external financing to fund its activities. In order to carry out operations, the Company will spend its existing working capital and raise additional amounts as needed.