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**WOLF'S DEN CAPITAL CORP.**  
**(FORMERLY WOLFPACK BRANDS CORPORATION,**  
**AND FORMERLY JOSEPHINE MINING CORP)**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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# Wolf's Den Capital Corp.

(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)

## Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	As at December 31, 2019	As at December 31, 2018
<b>ASSETS</b>		
<b>Current</b>		
Cash (note 4)	\$ 879,482	\$ 6
Due from related parties (note 8)	55,035	-
Other receivables	214,156	-
<b>Total Current Assets</b>	<b>\$ 1,148,673</b>	<b>\$ 6</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 5)	\$ 188,113	\$ 267,129
Loan payable (note 6)	-	71,767
	<b>188,113</b>	<b>338,896</b>
<b>Shareholders' Equity (Deficiency)</b>		
Share capital (note 7)	16,099,427	7,276,901
Contributed surplus	4,575,535	4,575,535
Accumulated other comprehensive income	124,541	124,541
Deficit	(19,838,943)	(12,315,867)
<b>Total Shareholders' Equity (Deficiency)</b>	<b>960,560</b>	<b>(338,890)</b>
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>	<b>\$ 1,148,673</b>	<b>\$ 6</b>

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

Subsequent events (note 11)

**Approved on behalf of the Board:**

"SIGNED" \_\_\_\_\_

**Richard Buzbuzian**, Director

"SIGNED" \_\_\_\_\_

**Tony Di Benedetto**, Director

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**Wolf's Den Capital Corp.**

(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)

**Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in Canadian Dollars)

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	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Operating expenses</b>		
Professional fees	\$ 125,836	\$ -
Office and administrative	9,196	29,047
Consulting	816,103	-
Management fee (note 8)	1,037,238	-
Travel	3,500	-
	(1,991,873)	(29,047)
<b>Other Income</b>		
Forgiveness of accounts payable	-	11,250
Foreign exchange expense	(90,703)	(211)
Loss on settlement of debt (note 7)	(5,440,500)	-
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (7,523,076)</b>	<b>\$ (18,008)</b>
<b>Basic and diluted net loss per share</b>	<b>\$ (0.12)</b>	<b>\$ (0.07)</b>
<b>Weighted average number of common shares outstanding</b>	<b>62,873,040</b>	<b>255,510</b>

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

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**Wolf's Den Capital Corp.**

(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)

**Consolidated Statements of Cash Flows**

(Expressed in Canadian Dollars)

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	Year Ended December 31,	
	2019	2018
<b>Operating activities</b>		
Net loss for the year	\$ (7,523,076)	\$ (18,008)
Adjustments for:		
Loss on settlement of debt (note 7)	5,440,500	-
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	1,035,484	(53,999)
Other receivables	(214,156)	-
<b>Net cash used in operating activities</b>	<b>(1,261,248)</b>	<b>(72,007)</b>
<b>Financing activities</b>		
Proceeds from private placement, net of costs (note 7)	2,267,526	-
(Repayment of) proceeds from loan payable (note 7)	(71,767)	71,767
Advances to related parties (note 8)	(55,035)	-
<b>Net cash provided by financing activities</b>	<b>2,140,724</b>	<b>71,767</b>
<b>Net change in cash</b>	<b>879,476</b>	<b>(240)</b>
<b>Cash, beginning of year</b>	<b>6</b>	<b>246</b>
<b>Cash, end of year</b>	<b>\$ 879,482</b>	<b>\$ 6</b>

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

**Wolf's Den Capital Corp.**

(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)

Consolidated Statements of Changes in Equity (Deficiency)

(Expressed in Canadian Dollars)

	Share Capital Number	Capital Amount	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
<b>Balance, December 31, 2017</b>	<b>255,510</b>	<b>\$ 7,276,901</b>	<b>\$ 4,575,535</b>	<b>\$ (12,297,859)</b>	<b>\$ 124,541</b>	<b>\$ (320,882)</b>
Net loss for the year	-	-	-	(18,008)	-	(18,008)
<b>Balance, December 31, 2018</b>	<b>255,510</b>	<b>\$ 7,276,901</b>	<b>\$ 4,575,535</b>	<b>\$ (12,315,867)</b>	<b>\$ 124,541</b>	<b>\$ (338,890)</b>
Issuance of common shares in private placement (note 7)	46,200,200	2,310,010	-	-	-	2,310,010
Share issue costs (note 7)	-	(42,484)	-	-	-	(42,484)
Finders shares issued (note 7)	3,696,016	-	-	-	-	-
Issuance of common shares from debt for share agreement (note 7)	131,100,000	6,555,000	-	-	-	6,555,000
Net loss for the year	-	-	-	(7,523,076)	-	(7,523,076)
<b>Balance, December 31, 2019</b>	<b>181,251,726</b>	<b>\$ 16,099,427</b>	<b>\$ 4,575,535</b>	<b>\$ (19,838,943)</b>	<b>\$ 124,541</b>	<b>\$ 960,560</b>

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

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# **Wolf's Den Capital Corp.**

**(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)**

**Notes to Consolidated Financial Statements**

**For the Years Ended December 31, 2019 and 2018**

**(Expressed in Canadian Dollars)**

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## **1. Incorporation, nature of business and going concern**

Wolf's Den Capital Corp. (formerly Wolfpack Brands Corporation) (the "Company" or "Wolf's Den") was incorporated on June 4, 2007, under the Business Corporations Act of British Columbia. The registered office of the Company is located at 1000 - 595 Burrard Street - P.O. Box 49290 - Vancouver, British Columbia, Canada V7X 1S8.

On July 18, 2019, the Company changed its name from "Josephine Mining Corp." to "Wolfpack Brands Corporation". On March 6, 2020 the Company changed its name from "Wolfpack Brands Corporation" to "Wolf's Den Capital Corporation".

The Company's activities relate to identifying and evaluating assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The Company's previous activities related to the retention and exploration of mineral properties in southern Oregon.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. For the year ended December 31, 2019, the Company incurred a net loss of \$7,523,076 (year ended December 31, 2018 - net loss of \$18,008) and as at December 31, 2019, reported an accumulated deficit of \$19,838,943 (December 31, 2018 - \$12,315,867). The Company has no current source of cash flow.

On July 18, 2019, the Company completed a share consolidation of 1 post share to 100 pre share basis. Unless otherwise stated, the number of shares presented in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

## **2. Basis of preparation**

### **Statement of Compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee that are effective on January 1, 2019.

These consolidated financial statements were approved by the Company's board of directors on June 15, 2020.

### **Basis of measurement**

These consolidated financial statements have been prepared on a historical cost basis. References to United States dollars are indicated by "US\$".

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# Wolf's Den Capital Corp.

(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)

## Notes to Consolidated Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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### 2. Basis of preparation (continued)

#### Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are considered. All inter-company balances and transactions have been eliminated in preparing consolidated financial statements.

The following wholly-owned subsidiaries have been consolidated within the consolidated financial statements:

Entity	Principle activity	Place of business and operations	Equity percentage
0890810 BC Ltd.	Operating Company	Canada	100%

#### Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company is the Canadian dollar and for the sole subsidiary is the U.S. dollar ("US\$").

#### Significant accounting estimates, judgments and assumptions

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses.

Management uses historical experience and other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant judgments and estimates relate to the following:

##### (i) Deferred taxes

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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# **Wolf's Den Capital Corp.**

(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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## **2. Basis of preparation (continued)**

### **Significant accounting estimates, judgments and assumptions (continued)**

#### **(ii) Accounts payable**

The write down of accounts payable and obligations requires judgement by management as to the likelihood of future collection attempts of those amounts, specifically assessing whether amounts may be considered stale-dated due to lack of collection attempts by the vendor over a period of time, in line with the legal requirements of the jurisdiction in which the Company incurred the liability.

#### **(iii) Contingencies**

Management uses judgment to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

#### **(iv) Going concern**

Determining if the Company has the ability to continue as a going concern is dependent on its ability to achieve profitable operations. Certain judgments are made when determining if the Company will achieve profitable operations.

## **3. Significant accounting policies**

### **Cash**

Cash includes deposits held on call with banks.

### **Taxes**

Tax expense consists of current and deferred tax expense. Tax expense is recognized in the consolidated statement of loss and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the end of the period, and which are expected to apply when the asset is realized, or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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# **Wolf's Den Capital Corp.**

(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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## **3. Significant accounting policies (continued)**

### **Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to dispose. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in net income or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **Loss per share**

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Warrants are dilutive when the Company has income from operations and the average market price of the common shares during the period exceeds the exercise price of the warrants.

### **Provisions**

The Company reports provisions when the following conditions are met:

- an entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and,
- a reliable estimate can be made of the amount of the obligation.

Whether or not a present obligation exists is determined by examining all available evidence, and whether the evidence suggests that an obligation is more likely than not present.

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# Wolf's Den Capital Corp.

(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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## 3. Significant accounting policies (continued)

### Financial instruments

#### Recognition

The Company recognizes a financial asset or financial liability on the statement of consolidated financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

#### Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
- ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. 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 each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i) amortized cost;
- ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

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# Wolf's Den Capital Corp.

(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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## 3. Significant accounting policies (continued)

### Financial instruments (continued)

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

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial asset consists of cash, which is classified as subsequently measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

### Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

### Deferred financing costs

Deferred financing costs relate to expenditures incurred in connection with the Company's initial public share offering and are charged against share capital upon issuance of the shares or expensed if the offering is not completed.

### Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share-based transactions are set out in the stock option note.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of operations such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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# Wolf's Den Capital Corp.

(Formerly Wolpack Brands Corporation and Formerly Josephine Mining Corp)

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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## 3. Significant accounting policies (continued)

### Income taxes

- (i) Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting year. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of loss and comprehensive loss.

- (ii) Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered.

### Measurement uncertainty

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and judgments include the calculation of accrued liabilities. Actual results could differ from those estimates used in the financial statements.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to:

#### *Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

# Wolf's Den Capital Corp.

(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

## 3. Significant accounting policies (continued)

### New standards adopted

#### IFRS 16 Leases ("IFRS 16")

Effective January 1, 2019, the Company adopted IFRS 16. IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. The adoption of IFRS 16 had no impact to the Company's consolidated financial statements.

#### IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments ("IFRIC 23")

On June 7, 2017, the IASB issued IFRIC 23. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. At January 1, 2019, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

## 4. Cash

	As at December 31, 2019	As at December 31, 2018
Cash	\$ 913	\$ 6
Cash in trust	878,569	-
Total cash	\$ 879,482	\$ 6

## 5. Accounts payable and accrued liabilities

	As at December 31, 2019	As at December 31, 2018
Trade payables	\$ 13,498	\$ 267,129
Accrued liabilities	174,615	-
	\$ 188,113	\$ 267,129

## 6. Loan payable

During the year ended December 31, 2018, the Company was advanced \$71,767 from Buzbuzian Capital Corp. ("BCC"), a company controlled by Mr. Richard Buzbuzian a director of the Company, for working capital purposes. The loan was non-interest bearing, unsecured and due on demand. The loan was fully repaid during the year ended December 31, 2019.

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## Wolf's Den Capital Corp.

(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)

### Notes to Consolidated Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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#### 7. Share Capital

(a) Authorized

As at December 31, 2019, and 2018 the authorized share capital consisted of an unlimited number of common shares and preferred shares without par value.

(b) Issued and outstanding

	Number of common shares	Amount
<b>Balance, December 31, 2017 and 2018</b>	<b>255,510</b>	<b>\$ 7,276,901</b>
Issued on Debt to share agreement (i)(ii)	131,100,000	6,555,000
Issued on Private placement (iii)(iv)	46,200,200	2,310,010
Cost of issue (iii)	-	(42,484)
Finders shares issued (iii)(iv)	3,696,016	-
<b>Balance, December 31, 2019</b>	<b>181,251,726</b>	<b>\$ 16,099,427</b>

(i) On August 21, 2019, pursuant to a debt settlement, the Company issued an aggregate of 100,500,000 common shares in the capital of the Company to settle an aggregate debt of \$502,500. The common shares issued had were valued at a price of \$0.05 based on the share price of shares issued to arm's length parties. As a result, the Company recorded a loss on settlement of debt of \$4,522,500. See note 8(a)(v).

(ii) On August 22, 2019, pursuant to a debt settlement, the Company issued an aggregate of 30,600,000 common shares in the capital of the Company to settle an aggregate debt of \$612,000. The common shares issued had were valued at a price of \$0.05 based on the share price of shares issued to arm's length parties. As a result, the Company recorded a loss on settlement of debt of \$918,000.

(iii) On September 9, 2019, the Company closed the first tranche of a non-brokered private placement (the offering) consisting of 34,550,200 common shares at a price of \$0.05 per share for gross proceeds of \$1,727,510. In connection with the offering, the Company paid finders fees in the amount of 2,764,016 shares and legal fees of \$42,484.

(iv) On September 16, 2019, the Company closed the second tranche of the offering, consisting of 11,650,000 common shares at a price of \$0.05 per share for gross proceeds of \$582,500. In connection with the offering, the Company paid finders fees in the amount of 932,000 shares.

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## **Wolf's Den Capital Corp.**

**(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)**

**Notes to Consolidated Financial Statements**

**For the Years Ended December 31, 2019 and 2018**

**(Expressed in Canadian Dollars)**

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### **8. Related party transactions**

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

(a) During the year ended December 31, 2019, the Company has the following related party transactions:

(i) During the year ended December 31, 2019, the Company incurred management fees of \$135,417 (year ended December 31, 2018 - \$nil) to BCC, and consulting fees of \$41,130 (year ended December 31, 2018 - \$nil). As at December 31, 2019, the Company is owed \$32,205 (December 31, 2018 - \$nil) from BCC and this amount is included in due from related parties. In connection with the offering (note 7 (b)(iii)) the Company also paid finders fees in the amount of 3,696,016 shares to BCC.

(ii) During the year ended December 31, 2019, the Company incurred management fees of \$87,920 (year ended December 31, 2018 - \$nil) to Launch Capital Inc. ("LCI"), a company controlled by Mr. Tony Di Benedetto, a director of the Company. As at December 31, 2019, the Company is owed \$32,205 (December 31, 2018 - \$nil) from LCI and this amount is included in due from related parties.

(iii) During the year ended December 31, 2019, the Company incurred management fees of \$453,414 (year ended December 31, 2018 - \$nil) to 2510812 Ontario Inc., a company controlled Mr. Koby Smutylo, a director of the Company. As at December 31, 2019, 2510812 Ontario Inc. was owed \$nil (December 31, 2018 - \$nil). During the year ended December 31, 2019, Mr. Koby Smutylo resigned as director and Chief Executive Officer of the Company.

(iv) During the year ended December 31, 2019, the Company incurred management fees of \$306,284 (year ended December 31, 2018 - \$nil) to 11113925 Canada Inc., a company controlled Ms. Lauren Tansley, an officer of the Company. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2019, the Company owed 11113925 Canada Inc. \$nil (December 31, 2018 - \$nil). During the year ended December 31, 2019, Ms. Lauren Tansley ceased to be an officer of the Company.

(v) In connection with the shares for debt (note 7(b)(i)), BCC and LCI received 33,633,334 and 33,433,332 common shares respectively, and the Company recorded a loss on settlement of shares of \$1,513,500 and \$1,504,500 respectively.

The above related party transactions were in the normal course of operations and have been valued at fair value. The amounts owing to related parties are non-interest bearing, unsecured and due on demand.

## Wolf's Den Capital Corp.

(Formerly Wolfpack Brands Corporation and Formerly Josephine Mining Corp)

### Notes to Consolidated Financial Statements

For the Years Ended December 31, 2019 and 2018

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#### 9. Income taxes

The net tax provision differs from that expected by applying the combined federal and provincial income tax rates of 27% for the year ended December 31, 2019 and 2018.

	2019	2018
(Loss) before income taxes	\$ (7,523,076)	\$ (18,008)
Statutory income tax rate	27%	27%
Expected income tax (recovery)	(2,031,231)	(4,862)
Share issue costs	(61,367)	-
Loss on settlement	1,468,935	-
Deferred tax benefits not recognized	623,663	4,862
Income tax provision	\$ -	\$ -

The Company has gross timing differences related to the following:

	2019	2018
Non-capital losses	\$ 4,351,078	\$ 2,193,054
Undeducted financing costs	849,705	669,398
Other	107,732	107,732
Total	\$ 5,308,515	\$ 2,970,184

As at December 31, 2019, the Company has a non-capital loss carry-forward is available to reduce future years' income for tax purposes, and will begin to expire in 2027 if not utilized

#### 10. Financial instruments

The fair values of the Company's cash, other receivables, due from related parties, accounts payable and accrued liabilities, and loan payable approximate their carrying values because of the short-term nature of these instruments.

IFRS establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk and liquidity risk.

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## **Wolf's Den Capital Corp.**

**(Formerly Wolpack Brands Corporation and Formerly Josephine Mining Corp)**

**Notes to Consolidated Financial Statements**

**For the Years Ended December 31, 2019 and 2018**

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### **10. Financial instruments (continued)**

#### **(a) Currency risk**

The Company's operations in the United States make it subject to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the U.S. dollar. The Company does not invest in foreign currency contracts to mitigate the risks.

#### **(b) Credit risk**

The Company's cash is held with large Canadian financial institutions. The Company believes it has no significant credit risk.

#### **(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company's financial obligations include accounts payable and accrued liabilities and loan payable. The company has cash of \$879,482 to settle obligations of \$188,113.

### **11. Subsequent events**

On March 30, 2020, the Company announced that it has executed a share exchange agreement (the "Share Exchange Agreement") with Danavation Technologies Inc. ("Danavation") and its shareholders (the "Danavation Shareholders") pursuant to which the Company will acquire all of the issued and outstanding shares of Danavation in exchange for share of the Company as detailed below (the "Transaction"). The Transaction will constitute a reverse takeover of the Company by Danavation and the Danavation Shareholders.

Pursuant to the Share Exchange Agreement, the Company will complete a consolidation of its issued and outstanding common shares (the "Consolidation") on the basis of one post-consolidation common share (the "Shares") for every eight outstanding common shares in the capital of the Company. Pursuant to the Transaction, each of the Danavation Shareholders will receive one Share in exchange for each share held in the capital Danavation. As a condition to the completion of the Transaction, Danavation must complete a private placement of up to 17,600,000 shares in the capital of Danavation (the "Danavation Financing").

In connection with the Transaction, the Company will undertake a private placement of common shares, subscription receipts, or other securities convertible into Shares, for aggregate gross proceeds of up to \$6,000,000, expected to close concurrently with the Transaction.

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.