

# **WESTCOT VENTURES CORP.**

**Condensed Interim Financial Statements  
Nine Months Ended October 31, 2019 and 2018**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

# **WESTCOT VENTURES CORP.**

(the “Company”)

## **Condensed Interim Financial Statements**

**Nine Months Ended October 31, 2019 and 2018**

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

The management of Westcot Ventures Corp. is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

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

November 29, 2019

**WESTCOT VENTURES CORP.**  
(Formerly Sparrow Ventures Corp.)  
Condensed Interim Statements of Financial Position  
(Unaudited – prepared by management)  
As at October 31, 2019 and January 31, 2019  
(Expressed in Canadian Dollars)

	October 31, 2019	January 31, 2019
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	195,665	801,058
Receivable (Note 9)	58,441	73,665
Prepaid expenses (Note 4)	26,690	272,852
Loan receivable (Note 7)	203,195	-
Subscription receipts held in trust (Note 7)	2,819,772	2,784,172
	<u>3,303,763</u>	<u>3,931,747</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 5,9)	80,089	194,457
Subscription receipts (Note 7)	2,747,409	2,747,409
Interest payable (Note 6)	15,963	15,963
	<u>2,843,461</u>	<u>2,957,829</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	3,440,770	3,440,770
Reserves	105,298	105,298
Deficit	(3,085,766)	(2,572,150)
	<u>460,302</u>	<u>973,918</u>
	<u>3,303,763</u>	<u>3,931,747</u>

Nature of operations and going concern (Note 1)

Approved on behalf of the board:

**“Liam Corcoran”**  
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Liam Corcoran, Director

**“Yari Neiken”**  
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Yari Neiken, Director

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

**WESTCOT VENTURES CORP.**

(Formerly Sparrow Ventures Corp.)

Condensed Interim Statements of Operations and Comprehensive Loss

(Unaudited – prepared by management)

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

(Expressed in Canadian Dollars)

	Three months ended October		Nine months ended October	
	2019	31, 2018	2019	31, 2018
	\$	\$	\$	\$
<b>EXPENSES</b>				
Advisory fees	-	10,000	-	10,000
Consulting fees (Note 9)	56,713	107,875	246,163	311,000
Directors fees (Note 9)	3,000	4,500	8,000	15,000
Management fees (Note 9)	22,286	9,000	62,429	50,250
Office, rent and administration	1,030	2,236	3,775	2,740
Professional fees	23,860	10,820	53,491	37,525
Regulatory fees	5,900	2,333	11,727	8,713
Transaction costs	61,736	85,000	157,734	85,000
Transfer agent and shareholder information	170	4,207	3,173	8,677
Travel and promotion	-	272	5,937	22,851
<b>LOSS BEFORE OTHER ITEMS</b>	<b>(174,695)</b>	<b>(236,243)</b>	<b>(552,429)</b>	<b>(551,756)</b>
<b>OTHER ITEMS</b>				
Finance costs	-	(303)	-	(1,870)
Interest income (Note 7)	15,242	-	38,813	-
	15,242	(303)	38,813	(1,870)
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(159,453)</b>	<b>(236,546)</b>	<b>(513,616)</b>	<b>(553,626)</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.03)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED</b>	<b>32,120,392</b>	<b>18,871,639</b>	<b>32,120,392</b>	<b>18,281,856</b>

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

**WESTCOT VENTURES CORP.**

(Formerly Sparrow Ventures Corp.)

Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

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	Number of Common Shares	Share Capital	Subscription Receipts	Share Subscriptions	Reserves	Deficit	Total
		\$	\$	\$	\$	\$	\$
<b>Balance, January 31, 2018</b>	17,504,296	1,998,618	-	-	105,298	(1,792,714)	311,202
Issuance of shares for debenture conversion	184,614	12,000	-	-	-	-	12,000
Private placement	857,142	300,000	-	-	-	-	300,000
Share issued for warrant exercises	3,348,136	221,332	-	-	-	-	221,332
Subscription receipts issuance costs	-	-	(17,590)	-	-	-	(17,590)
Issuance of subscription receipts	-	-	2,764,999	-	-	-	2,764,999
Funds received in advance of share issuance	-	-	-	66,000	-	-	66,000
Net loss for the period	-	-	-	-	-	(553,626)	(553,626)
<b>Balance, October 31, 2018</b>	<b>21,894,188</b>	<b>2,531,950</b>	<b>2,747,409</b>	<b>66,000</b>	<b>105,298</b>	<b>(2,346,340)</b>	<b>3,104,317</b>
<b>Balance, January 31, 2019</b>	32,120,392	3,440,770	-	-	105,298	(2,572,150)	973,918
Net loss for the period	-	-	-	-	-	(513,616)	(513,616)
<b>Balance, October 31, 2019</b>	<b>32,120,392</b>	<b>3,440,770</b>	<b>-</b>	<b>-</b>	<b>105,298</b>	<b>(3,085,766)</b>	<b>460,302</b>

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

**WESTCOT VENTURES CORP.**  
(Formerly Sparrow Ventures Corp.)  
Condensed Interim Statements of Cash Flows  
(Unaudited – prepared by management)  
For the Nine Months Ended October 31, 2019 and 2018  
(Expressed in Canadian Dollars)

	October 31, 2019	October 31, 2018
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(513,616)	(553,626)
Items not involving cash:		
Finance costs	-	1,870
Accrued interest income	(38,795)	-
Changes in non-cash working capital accounts:		
Receivable	15,224	(16,464)
Loan receivable	(200,000)	-
Prepaid expenses	246,162	38,067
Accounts payable and accrued liabilities	(114,368)	129,181
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(605,393)</b>	<b>(400,972)</b>
<b>INVESTING ACTIVITIES</b>		
Deposit held in trust	-	(2,764,999)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-</b>	<b>(2,764,999)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from share issuance	-	521,332
Proceeds from subscription receipts, net	-	2,747,409
Proceeds in advance of share issuance	-	66,000
Repayment of loans payable	-	(15,559)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>3,319,182</b>
<b>INCREASE IN CASH</b>	<b>(605,393)</b>	<b>153,211</b>
Cash, beginning of period	801,058	195,515
<b>CASH, END OF PERIOD</b>	<b>195,665</b>	<b>348,726</b>
<b>Non-cash financing and investing activities:</b>		
Shares issued for settlement of convertible debentures	\$ -	\$ 12,000

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

# **WESTCOT VENTURES CORP.**

(Formerly Sparrow Ventures Corp.)

Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

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## **NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN**

Westcot Ventures Corp. (the “Company”) was incorporated on July 4, 2006, under the laws of the Business Corporations Act (British Columbia). Effective June 17, 2014, the Company’s listing was transferred to the NEX board of the TSX Venture Exchange (the “Exchange”) due to the Company’s failure to maintain the requirements for a TSX Venture Tier 2 company.

The head office, principal address, and records office of the Company are located at Suite 1080, 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2. The Company’s registered office address is located at 10<sup>th</sup> Floor – 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

These condensed interim financial statements have been prepared on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for the next twelve months.

The Company’s ability to continue as a going concern is dependent upon financial support from its creditors, shareholders, and related parties, its ability to obtain financing to fund working capital requirements and upon the attainment of future profitable operations.

The Company has not yet achieved profitable operations, has incurred significant operating losses and negative cash flows from operations, and has been reliant on external debt and equity financing. As at October 31, 2019, the Company has accumulated losses of \$3,085,766. There is no assurance that the Company will be successful in generating and maintaining profitable operations or in securing future debt or equity financing for its working capital and development activities. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as going concern.

These condensed interim financial statements do not reflect any adjustments to the amounts and classifications of assets and liabilities, which would be necessary should the Company be unable to continue as a going concern.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

The condensed interim financial statements were authorized for issuance on November 29, 2019 by the Directors of the Company. The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements.

### **(a) Basis of Presentation**

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards 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”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s annual audited financial statements as at and for the year ended January 31, 2019.

The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended January 31, 2019.

Certain comparative figures have been reclassified to conform to the current period’s presentation.

## WESTCOT VENTURES CORP.

(Formerly Sparrow Ventures Corp.)

Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (b) Significant Accounting Judgments, Estimates and Assumptions

In the preparation of condensed interim financial statements in conformity with IFRS, management is required to make judgments, estimates, and assumptions that affect the amounts reported and disclosed in the condensed interim financial statements and related notes. There has been no significant change to the Company's estimation and judgment from those disclosed in note 2 to the audited financial statements for the year ended January 31, 2019.

These condensed interim financial statements have been prepared on a historical cost basis in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

### NOTE 3 – NEW ACCOUNTING STANDARDS

#### IFRS 16 – Leases

On February 1, 2019, the Company adopted IFRS 16. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The adoption of IFRS 16 had no impact on the condensed interim financial statements as the Company has no leases.

### NOTE 4 – PREPAID EXPENSES

	October 31, 2019	January 31, 2019
	\$	\$
Prepaid consulting fees	25,274	271,436
Other	1,416	1,416
	<u>26,690</u>	<u>272,852</u>

### NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2019	January 31, 2019
	\$	\$
Accounts payable (Note 9)	63,587	124,382
Accrued liabilities (Note 9)	16,502	21,900
Amounts due to shareholders for overpayment on exercise of warrants	-	48,175
	<u>80,089</u>	<u>194,457</u>

Included in trade payables and accrued liabilities are amounts due to related parties of \$8,050 (January 31, 2019 – \$7,925). These related party payables are unsecured, non-interest bearing and due on demand (Note 9)



## WESTCOT VENTURES CORP.

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Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2019 and 2018

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### NOTE 6 – CONVERTIBLE DEBENTURES

	Debentures carried at amortized cost	Interest accrued	Total	Equity component
	\$	\$	\$	\$
<b>Balance at January 31, 2018</b>	<b>11,659</b>	<b>15,332</b>	<b>26,991</b>	<b>6,584</b>
Interest expense	-	631	631	-
Accretion expense	341	-	341	-
Conversion to common shares	(12,000)	-	(12,000)	-
<b>Balance at October 31, 2019 and January 31, 2019</b>	<b>-</b>	<b>15,963</b>	<b>15,963</b>	<b>6,584</b>

On March 16, 2017 and June 2, 2017, the Company issued two tranches of secured convertible debentures with an aggregate face value of \$201,041. The debentures matured 24 months from the date of issue, accrued interest at a rate of 11% per year and were initially convertible into units of the Company at a per unit conversion price equal to the 10-day post-consolidated average closing price of the common shares of the Company on the NEX following the resumption of trading subject to a \$0.05 minimum. The price was subsequently determined to be \$0.13 per share. Each unit was comprised of one common share and one share purchase warrant of the Company. Each share purchase warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.13 per share. The Company's obligations under the debentures were secured by a general security agreement.

The debentures were initially recognized at their face value of \$201,041 less the value of the equity component of \$23,941 for a net amount of \$177,100. Due to the fact that the Company's shares were reinstated for trading on the NEX on September 2017, the conversion feature at the issuance date of these debentures was variable. As a result, the option to settle payments in common shares represented an embedded derivative for the Company. This derivative liability was initially recognized by comparing a similar instrument without the conversion option and discounting the fair value of the host contract with the non-convertible instrument interest rate. The change in fair value of the derivative liability during the year was recognized in the statement of loss and comprehensive loss for the year ended January 31, 2018.

The CEO of the Company subscribed to \$5,747 of these debentures. The amount of interest payable for this debenture as at October 31, 2019 is \$243 (2019 - \$243) (Note 9).

On October 10, 2017, debentures with a face value of \$238,000 were converted to 3,661,526 shares and 3,661,526 warrants.

On March 28, 2018, debentures with a face value of \$12,000 were converted to 184,614 shares and 184,614 warrants.

### NOTE 7 – SUBSCRIPTION RECEIPTS

On August 27, 2018, the Company completed a non-brokered private placement offering of 7,899,996 subscription receipts of the Company, at a price of \$0.35 per subscription receipt, for aggregate proceeds of \$2,764,999. Share issuance costs of \$17,590 were incurred in connection with the private placement. Each subscription receipt will be converted into one unit of the Company. Each unit will consist of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to obtain an additional common share

## **WESTCOT VENTURES CORP.**

(Formerly Sparrow Ventures Corp.)

Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

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### **NOTE 7 – SUBSCRIPTION RECEIPTS (Continued)**

of the Company at a price of \$0.50 for a period of 24 months from the date of issue.

The funds received from the subscription receipts are being held in trust until such time that the Company completes a business transaction. The funds in trust were originally to be used for a proposed business transaction that did not complete. For the period ended October 31, 2019, transaction costs for the transaction that did not complete totaled \$10,000 (2018 - \$Nil) and were expensed.

On July 17, 2019, the Company entered into a definitive agreement with WPD Pharmaceuticals Inc. (“WPD”) pursuant to which the Company will, subject to certain conditions, acquire all of the issued and outstanding shares of WPD (collectively, the “Transaction”). The Transaction is an arm’s length transaction that is expected to constitute a change of business (“COB”) pursuant to Exchange Policy 5.2 – Changes of Business and Reverse Takeovers. It is anticipated that, following the Transaction, the resulting entity will be classified as a Tier 2 life sciences issuer on the Exchange.

WPD is a privately-held biotechnology research and development company, which was incorporated in Poland on September 1, 2017. WPD operates in the pharmaceuticals industry with a focus on oncology in the research and development of medicinal products involving biological compounds and small molecules.

The Company will acquire all of the issued and outstanding shares of WPD in exchange for 67,000,000 common shares of the Company. The common shares of the resulting entity will therefore be principally owned by the existing shareholders of WPD. The Company has agreed to provide WPD with a secured bridge loan for \$200,000, subject to Exchange approval. During the period ended October 31, 2019, the bridge loan was issued through two promissory notes for \$125,000 on August 6, 2019 and \$75,000 on September 10, 2019 respectively. Both promissory notes bear 8% interest and mature six month after advance of the loan. As of October 31, 2019, the calculated interest was \$3,195 and included in loan receivable.

The Transaction is subject to regulatory approval.

For the period ended October 31, 2019, transaction costs of \$157,734 (2018 - \$85,000) were incurred in connection with the Transaction.

If the Transaction is not completed, the Company must return the funds to the subscribers.

For the period ended October 31, 2019, interest income of \$35,600 (2018 - \$Nil) was earned on the funds held in trust and is included in other income in the condensed interim statement of loss and comprehensive loss.

### **NOTE 8 – SHARE CAPITAL**

#### **(a) Authorized**

The Company is authorized to issue an unlimited number of voting common shares without par value.

#### **(b) Issued and Outstanding Share Capital**

As at October 31, 2019, the Company has 32,120,392 (January 31, 2019 – 32,120,392) common shares issued and outstanding.

On July 17, 2018, the Company completed a two-for-one forward share split (“Forward Split”) of the Company’s current issued and outstanding common shares. All comparative references herein to the number of shares, options, warrants, weighted average number of common shares and loss per share have been restated for the Forward Split, including all such numbers presented for the prior period.

## WESTCOT VENTURES CORP.

(Formerly Sparrow Ventures Corp.)

Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

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### NOTE 8 – SHARE CAPITAL (Continued)

#### (c) Stock Options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Stock options and charitable options will be exercisable for a year of up to 10 years from the date of grant.

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days, or, in the case of an optionee providing investor relations activities, the 30th day following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum year of six months after such death, subject to the expiry date of such option.

There were no stock option transactions for the period ended October 31, 2019 and no stock options outstanding at October 31, 2019.

#### (d) Warrants

Warrant transactions for the period ended October 31, 2019 and year ended January 31, 2019 are as follows:

	Number	Weighted Average Exercise Price
		\$
Balance, January 31, 2019	428,570	0.50
Expired	(428,570)	0.50
<b>Balance, October 31, 2019</b>	<b>-</b>	<b>-</b>

## WESTCOT VENTURES CORP.

(Formerly Sparrow Ventures Corp.)

Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

### NOTE 9 – RELATED PARTY TRANSACTIONS

Details of transactions between the Company and related parties are described as follows.

#### (a) Related Party Transactions

The Company incurred the following transactions with directors, officers or companies controlled by officers during the period ended October 31, 2019 and 2018:

	2019	2018
	\$	\$
Management fees to the CEO	48,000	6,000
Management fees to the CFO	11,428	4,500
Management fees to the former CEO	3,000	30,000
Directors fees	8,000	15,000
	<u>70,428</u>	<u>64,500</u>

#### (b) Related Party Balances

The following related party amounts were reflected in the statement of financial position as at October 31, 2019 and January 31, 2019:

As at	October 31, 2019	January 31, 2019
	\$	\$
Interest payable to a former CEO (Note 6)	(243)	(243)
Accounts payable to a former CEO (Note 5)	(150)	(100)
Accounts payable to CFO	(4,500)	-
Accrued liabilities to the Directors (Note 5)	(3,400)	(7,825)
Due to shareholders	-	(48,175)
Due from shareholder	49,984	49,984
	<u>41,691</u>	<u>(6,359)</u>

### NOTE 10 – FINANCIAL RISK MANAGEMENT

#### (a) Fair Value of Financial Instruments

The Company's financial instruments consist of cash, receivables, subscription receipts held in trust, accounts payable, subscription receipts and accrued interest on convertible debentures. The carrying values of cash, receivables, subscription receipts in trust, accounts payable, and accrued interest and subscription receipts approximate their fair values because of their short-term nature and/or the existence of market related interest rates on the instruments. Convertible debentures are measured at amortized cost using the effective interest rate method and their carrying value approximates their fair value. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

## **WESTCOT VENTURES CORP.**

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Notes to the Condensed Interim Financial Statements

(Unaudited – prepared by management)

For the Nine Months Ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

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### **NOTE 10 – FINANCIAL RISK MANAGEMENT (Continued)**

#### **(a) Fair Value of Financial Instruments (Continued)**

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of hierarchy are:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes:

##### **(i) Credit Risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions. The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

##### **(ii) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. There can be no assurance that the Company will be successful in generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and development activities (Note 1).

##### **(iii) Interest Rate Risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest on the Company's loans payable and debentures is based on a fixed rate, and as such, the Company is not exposed to significant interest rate risk.

### **NOTE 11 – CAPITAL MANAGEMENT**

The Company manages its share capital as capital, which as at October 31, 2019, was \$3,440,770 (January 31, 2019 - \$3,440,770). The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to pursue the development and expansion of its business and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, or return capital to its shareholders.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its objectives. The Company may issue new shares or seek debt financing to ensure that there is sufficient working

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Notes to the Condensed Interim Financial Statements

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### **NOTE 11 – CAPITAL MANAGEMENT (Continued)**

capital to meet its short-term business requirements. The Company is not subject to externally imposed capital requirements.

There were no changes in the Company's management of capital during the period ended October 31, 2019.