Financial Statements
(In Canadian dollars)

PROSPECT PARK CAPITAL CORP.

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

DNTW Toronto LLP
Chartered Professional Accountants
Licensed Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Prospect Park Capital Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prospect Park Capital Corp. (the "Company"), which comprise the statements of financial position as at September 30, 2020 and 2019, and the statements of income (loss) and comprehensive income (loss), statements of changes in shareholders' equity (deficit) and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis of Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has no source of operating revenues and its ability to operate as a going concern in the near-term will depend on its ability to successfully raise additional financing and to commence profitable operations in the future. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Warren Goldberg.

DNTW Toronto LLP

January 28, 2021
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Statements of Financial Position

As at September 30, 2020 and September 30, 2019

	2020	2019
Assets		
Current assets:		
Cash	$ 16,116	$ 7,491
Cash in trust (note 2)	217,649	-
	$ 233,765	$ 7,491
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	$ 48,993	$ 249,029
Loans payable (note 3)	100,010	-
	149,003	249,029
Shareholders' equity (deficit):		
Share capital (note 4)	1,470,867	1,363,419
Reserves (note 4)	528,940	364,228
Deficit	(1,915,045)	(1,969,185)
	84,762	(241,538)
	$ 233,765	$ 7,491

Nature of Operations and Going Concern (note 1)

Subsequent Events (note 12)

See accompanying notes to financial statements.

Approved on behalf of the Board:

Mr. Robbie Grossman Director

Mr. Jim Greig Director

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended September 30, 2020 and September 30, 2019

	2020	2019
Net investment gains (losses)		
Loss on sale of investments	$ -	$(1,015,860)
Gain on foreign exchange	-	803
Net change in unrealized loss on investments	-	1,015,156
Net investment gains (losses)	-	99
Gain on settlement of debt (note 11)	145,363	-
Impairment of loan and interest receivable (note 6)	-	(124,514)
Interest income	-	9,837
	145,363	(114,578)
Expenses:		
Operating, general and administrative (note 9)	82,623	42,114
Interest expense	8,600	-
Net income (loss) and comprehensive income (loss)	$ 54,140	$ (156,692)
Income (loss) per common share - basic and diluted (note 7)	$ 0.02	$ (0.02)
Weighted average number of shares outstanding - basic and diluted (note 7)	2,548,056	1,963,823

See accompanying notes to financial statements.

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)

Statements of Changes in Shareholders' Equity (Deficit)

For the years ended September 30, 2020 and September 30, 2019

		Reserves		
	Share capital	Contributed surplus	Deficit	Total
Balance, September 30, 2018	$ 1,363,419	$ 364,228	$ (1,812,493)	$ (84,846)
Net loss for the year	-	-	(156,692)	(156,692)
Balance, September 30, 2019	$ 1,363,419	$ 364,228	$ (1,969,185)	$ (241,538)
Balance, September 30, 2019	$ 1,363,419	$ 364,228	$ (1,969,185)	$ (241,538)
Shares issued on private placement (note 4)	160,061	152,351	-	312,412
Share issue costs (note 4)	(52,613)	12,361	-	(40,252)
Net income for the year	-	-	54,140	54,140
Balance, September 30, 2020	$ 1,470,867	$ 528,940	$ (1,915,045)	$ 84,762

See accompanying notes to financial statements.

PROSPECT PARK CAPITAL CORP.

(In Canadian dollars)
Statements of Cash Flows
For the years ended September 30, 2020 and September 30, 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Net income (loss)	$ 54,140	$ (156,692)
Change in non-cash operating items:		
Net change in unrealized loss	-	(1,015,156)
Gain on settlement of debt	(145,363)	
Impairment of loan and interest receivable	-	124,514
Loss on sale of investments	-	1,015,860
Interest accrued	-	(9,837)
Change in non-cash working capital:		
Accounts receivable	-	(803)
Accounts payable and accrued liabilities	(54,673)	37,546
Net cash used in operating activities	(145,896)	(4,568)
Investing activities:		
Proceeds from sale of investment	-	7,344
Net cash provided by investing activities	-	7,344
Financing activities:		
Proceeds from loans payable	100,010	-
Proceeds from issuance of common shares	312,412	-
Share issuance costs	(40,252)	-
Net cash provided by financing activities	372,170	-
Increase in cash	226,274	2,776
Cash and cash in trust, beginning of year	7,491	4,715
Cash and cash in trust, end of year	$ 233,765	$ 7,491

See accompanying notes to financial statements.

1. Nature of Operations and Going Concern

Prospect Park Capital Corp. (the "Corporation" or "Prospect Park") was incorporated under the *Business Corporations Act* (Ontario) on September 7, 2012. The registered office of the Corporation is located at Suite 600, 100 King Street West, Toronto, Ontario, M5X 1E2.

On March 28, 2013, the Corporation completed an initial public offering ("IPO") pursuant to Policy 2.4 – Capital Pool Companies (the "CPC Policy") of the TSX Venture Exchange ("Exchange") and became classified as a Capital Pool Company (as such term is defined in the CPC Policy). The Corporation's common shares were listed on the Exchange on March 27, 2013 and commenced trading on March 28, 2013 under the symbol "PPK.P".

The current market conditions and volatility increase the uncertainty of the Corporation's ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Corporation will continue to search for new or alternate sources of financing in order to purchase new investments but anticipates that the current market conditions may impact the ability to source such funds. These material uncertainties cast significant doubt on the Corporation's ability to continue as a going concern.

There can be no assurance that the Corporation will be able to continue to raise funds in which case the Corporation may be unable to meet its obligations. Should the Corporation be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

On April 1, 2020, the Corporation completed the consolidation of its common shares on the basis of one post-consolidation common share for every five (5) pre-consolidation common shares. As a result, all outstanding common shares and stock option information presented in these consolidated financial statements has been retroactively adjusted on this basis.

On October 2, 2020 the Corporation amended its statement of investment policies and procedures to change the focus of the Corporation from healthcare investments to investments in the resource sector.

2. Significant Accounting Policies

(a) Statement of compliance and basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements have been prepared on historical cost basis except for some financial instruments that have been measured at fair value, as explained in the accounting policies set out below.

These financial statements were authorized by the Board of Directors of the Corporation on January 28, 2021.

2. Significant Accounting Policies (continued)

(b) Functional and presentation currency

These financial statements have been prepared in Canadian dollars, which is the Corporation's functional and presentation currency.

(c) Cash and cash in trust

Cash in the statements of financial position comprises of cash held with a major Canadian chartered bank. Cash in trust consists of cash held in trust by the Corporation's lawyers.

(d) Share-based payment transactions

The Corporation has a share-based compensation plan that grants stock options and warrants to employees and non-employees.

The Corporation uses the fair value-based method of accounting for stock-based compensation arrangements. The fair value of each option granted is calculated using the Black-Scholes option pricing model at the date of grant and recognized in operations over the vesting period of the option, with the related increase recognized in contributed surplus. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital.

Where the terms of an equity instrument are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee, as measured at the date of modification.

Where an equity instrument is cancelled it is treated as if it vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity instruments are treated equally.

(e) Financial instruments

Recognition and Derecognition

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights to receive cash flows have expired or substantially all risks and rewards of ownership have been transferred.

2. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Classification

The Corporation classifies its financial assets and liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI")), and ii) those to be measured subsequently at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss. For financial assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. Classification of financial assets or financial liabilities at fair value through either profit or loss or other comprehensive income, is an irrevocable designation at the time of recognition.

Financial assets are reclassified when, and only when, the Corporation's business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash and cash in trust are classified as assets at fair value and any period change in fair value is subsequently measured at fair value through profit or loss.

Accounts payable and accrued liabilities and loans payable are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method. Interest expense is recorded in profit or loss.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of that instrument. Transaction costs of financial instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

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 are measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any change taken through profit or loss or other comprehensive income. Fair values are based on quoted closing prices of securities traded in an active market.

2. Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Impairment

The Corporation assesses all information available, including on a forward-looking basis, the expected credit losses associated with its 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 significant increase in credit risk, the Corporation compares the risk of default occurring 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.

Fair Value Hierarchy

The Corporation has a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Corporation's financial instruments. The hierarchy of inputs is summarized below:

• Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions for the assets occur with sufficient frequency and volume to provide pricing information on an ongoing basis;
• Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. 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.

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

(f) Revenue recognition

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statements of comprehensive income (loss).

Upon disposal of an available-for-sale investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the statements of comprehensive income (loss) as incurred.

Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established. Interest income, other income and income from securities lending are recorded on an accrual basis.

(g) Earnings (loss) per share

The calculation of earnings (loss) per common share is based on the reported net earnings (loss) divided by the weighted average number of shares outstanding during the year. Diluted earnings (loss) per share is calculated on the treasury stock basis. Where potentially dilutive equity instruments are anti-dilutive, basic and diluted earnings (loss) per share are the same.

2. Significant Accounting Policies (continued)

(h) Shares issue costs

Costs incurred for the issue of common shares are deducted from share capital.

(i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity.

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 at the reporting date. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized.

(j) Significant accounting judgements and estimates

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

2. Significant Accounting Policies (continued)

(j) Significant accounting judgements and estimates (continued)

(i) Share-based compensation

The Corporation includes estimates of forfeitures, expected life of the award, enterprise value of the Corporation and the risk-free interest rate in the calculation of stock option expense. These estimates are based on previous experience and may change throughout the life of a stock option plan.

(ii) Deferred tax assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

(k) Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the statements of operations. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

(l) Accounting standards implemented in 2020

The following new and amended IFRS standards have been adopted as at October 1, 2019. The adoption of these standards did not have a retrospective impact on any financial statement balances as at that date.

IFRS 16 – *Leases* – The standard was issued by the IASB on January 13, 2016, and will replace IAS 17, "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. The application of this new IFRS standard has had no impact on the Corporation's financial statements as it had no leases in place.

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRS. These amendments were effective for annual periods beginning on or after January 1, 2019.

IFRS 3 - *Business Combinations* and IFRS 11 - *Joint Arrangements* – The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

2. Significant Accounting Policies (continued)

(l) Accounting standards implemented in 2020 (continued)

IAS 12 - *Income Taxes* – The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

IAS 23 - *Borrowing Costs* – The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

The application of these amended IFRS standards has had no impact on the Corporation's financial statements.

(m) Recent Accounting Pronouncements

IAS 1, Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively. The Corporation is currently evaluating the impact of these amendments on its financial statements and will apply the amendments from the effective date.

3. Loans Payable

On January 22, 2020, the Corporation issued unsecured promissory notes for an aggregate principal amount of $100,010. The notes have a term of 12 months and bear interest at a rate of 12% per annum payable on maturity.

See note 6 for related party transactions.

(In Canadian Dollars)

4. Share Capital

(a) Authorized:

The Corporation has authorized share capital of an unlimited number of common shares.

(b) Issued common shares:

	Number of Shares		Amount
Balance, September 30, 2019	**1,963,824**	**$**	**1,363,419**
Common shares issued on private placement	2,777,000		312,412
Valuation of warrants issued	-		(152,351)
Share issue costs – cash	-		(40,252)
Valuation of broker warrants issued	-		(12,361)
Balance, September 30, 2020	**4,740,824**	**$**	**1,470,867**

On July 14, 2020, the Corporation closed a non-brokered private placement for gross proceeds of $312,412 through the issuance of 2,777,000 units (a "Unit" or "Units") of the Corporation at $0.1125 per Unit (the "Offering"). Each Unit consisted of (i) one common share in the capital of the Corporation (a "Common Share" or "Common Shares"), and (ii) one share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional Common Share of the Corporation at a price of $0.23 per share until the date that is twenty-four months from the date of issuance. The Warrants were valued at $152,351 using the Black-Scholes option pricing model using the following assumptions: Term – 2 years; Volatility – 317%; Interest rate – 0.28%.

In connection with the Offering, the Corporation paid to registered dealers finders fees consisting of a cash commission equal to 8% of the aggregate subscription price of the Common Shares sold in the amount of $24,993 and issued 222,160 non-transferable common share purchase warrants (a "Broker Warrant") equal to 8% of the aggregate number of Units sold pursuant to the Offering. Each Broker Warrant entitles the holder to acquire one Common Share of the Corporation at a price of $0.1125 per share for a period of twenty-four months from the date of issuance.

(c) Warrants issued and outstanding as of September 30, 2020:

Issue Date	Expiry Date	Number of Warrants Outstanding	Exercise Price ($)
July 14, 2020	July 14, 2022	2,777,000	0.2300
July 14, 2020	July 24, 2022	222,160	0.1125

5. Stock Options

On June 6, 2016, shareholders of the Corporation approved an amended and restated stock option plan (the "2016 Rolling Option Plan"), and on July 20, 2016, the board of directors of the Corporation adopted a new 20% fixed number stock option plan (the "2016 Fixed Option Plan"), for the Corporation reserving 1,735,252 (20% of the issued and outstanding Common Shares on such date) Common Shares for issuance. The 2016 Fixed Option Plan and the 998,061 stock options (the "2016 Grants") granted under the 2016 Fixed Option Plan were subject to shareholder approval at a subsequent shareholders' meeting. Pursuant to section 3.9(f) of Policy 4.4 – Incentive Stock Options ("Policy 4.4") of the TSX Venture Exchange, the 2016 Grants were terminated and the Corporation reverted back to the 2016 Rolling Option Plan, as the 2016 Fixed Option Plan and 2016 Grants were not approved by shareholders within 12 months.

(In Canadian Dollars)

5. Stock Options (continued)

The following table reflects the actual stock options issued and outstanding as of September 30, 2020:

Expiry Date	Exercise Price ($)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (exercisable)	Number of Options Unvested
March 28, 2023	1.00	2.49	31,696	31,696	-
January 22, 2021	1.00	0.06	87,949	87,949	-

The options outstanding have a weighted average remaining contractual life of 0.89 years and a weighted average exercise price of $1.00.

6. Related Party Transactions

Related parties include officers of the Corporation, the Board of Directors, close family members, enterprises and others that the Corporation does not deal with at arm's length. The below noted transactions are in the normal course of business. The Corporation considers its directors and officers to be key management.

(i) During the year, the Corporation was charged $4,520 (2018 - $27,120) in monthly fees, and $2,825 in accounting services by CFO Advantage Inc., a company owned by Kyle Appleby, the Chief Financial Officer of the Corporation. In January 2020, the Corporation entered into an agreement to settle $95,740 of debt with CFO Advantage Inc. in exchange for $45,000, and terminated the monthly management agreement with CFO Advantage Inc. As at September 30, 2020, $1,325 (2019 - $91,220) is included in accounts payable and accrued liabilities for outstanding fees.

(ii) During the year, the Corporation was billed $45,887 (2019 - $6,340) by DLA Piper (Canada) LLP for legal expenses. Robbie Grossman is a partner of DLA Piper (Canada) LLP and an officer and director of the Corporation. Included in the September 30, 2020 accounts payable and accrued liabilities is $21,535 (2019 - $6,340) due to DLA Piper (Canada) LLP for legal fees and disbursements.

(iii) The Corporation was party to a credit agreement with Above The Fold, LLP ("ATF"), a privately held U.S. Corporation, to loan ATF up to US$100,000. As at September 30, 2019, the Corporation deemed the loan and accrued interest to be fully impaired and wrote off the balances. ATF was related due to Dr. Samuel Herschkowitz, one of the former directors and former officers of the Corporation, and Josh Kornberg, a former director of the Corporation, and Mr. Kornberg's spouse, being the managing members of ATF. Mr. Kornberg's spouse is also an officer of ATF.

(iv) As at September 30, 2020, $nil (2019 - $14,434) is owed to Josh Kornberg (a former director) for expenses paid on behalf of the Corporation.

(v) Included in loans payable (note 3) are two promissory notes for $20,000 principal amounts issued to individuals (James Greig and Toby Pierce) who became directors of the Corporation subsequent to the issuance of the notes.

(vi) James Greig and Toby Pierce, directors of the Corporation, each subscribed for 300,000 Units under the Offering (note 4).

7. Net Loss per Common Share

Diluted income (loss) per share for 2019 and 2018 did not include the effect of options or warrants as they are anti-dilutive.

8. Financial Instruments

(a) Credit Risk:

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash and cash in trust. Cash is held with a major Canadian chartered bank and cash in trust is held by the Corporation's lawyers, from which management believes the risk of loss to be minimal.

(b) Interest Rate Risk:

The Corporation is not exposed to any significant interest rate risk.

(c) Liquidity Risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash and cash in trust. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(d) Capital Management:

The Corporation's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Corporation does not have any externally imposed capital requirements to which it is subject. The Corporation 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 Corporation may attempt to issue new shares.

(e) Currency Risk:

Currency risk is the risk that fluctuations in the rates of exchange on foreign currency would impact the Corporation's cash flows. The Corporation's functional currency is the Canadian dollar and all major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk is negligible and therefore does not hedge its foreign exchange risk. The Corporation does not hold material balances in foreign currencies to give rise to exposure to foreign exchange risk.

(In Canadian Dollars)

9. Operating, general and administrative expenses

	2020	2019
Legal fees (and disbursements paid by legal)	$ 34,435	$ 6,340
Accounting and audit	15,964	22,922
Regulatory fees	12,857	8,619
Transfer agent	11,626	3,809
Other	7,741	424
	$ 82,623	$ 42,114

10. Income Taxes

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

	2020	2019
Non-capital losses carried forward	$ 717,269	$ 771,589
Capital losses carried forward	1,036,603	1,036,603
	$ 1,753,872	$1,808,192

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Corporation can utilize the benefits therefrom. Non-capital losses expire as noted in the table below. The remaining deductible temporary differences may be carried forward indefinitely.

At September 30, 2020 the Corporation had Canadian non-capital loss carry forwards of $717,269 (2019 - $771,589) which may be available to offset future year's taxable income. The losses expire as follows:

2034	228,342
2035	218,652
2036	118,383
2037	119,615
2038	-
2039	32,277
	$ 717,269

11. Settlement of debt

During the year ended September 30, 2020, the Corporation entered into debt settlement agreements with certain creditors to settle debt with a carrying value of $216,023 in exchange for $70,660, resulting in a gain on settlement of debt of $145,363. $95,740 of this was settled with a related party for $45,000 (note 6).

12. Subsequent Events

On January 19, 2021, the Corporation announced the closing of a non-brokered private placement (the “Offering”). Pursuant to the Offering, the Corporation raised gross proceeds of $998,512 through the issuance of 4,754,821 common shares of the Corporation at $0.21 per share. The net proceeds of the Offering will be used by the Corporation for working capital. In connection with the Offering, the Corporation paid registered dealers and finders (i) an aggregate cash commission of $62,947, and (ii) non-transferable finder’s warrants to purchase 299,748 common shares of the Corporation at an exercise price of $0.21 per share for a period of twenty-four (24) months from closing. All three directors of the Corporation participated in the Offering.

In January 2021, the Corporation closed a securities for debt settlement transaction with seven lenders, pursuant to which it issued an aggregate of 526,713 Units of the Corporation at a deemed price of $0.21 per Unit in satisfaction of $110,610 of debt (including accrued interest) pursuant to promissory notes issued in January 2020. Each Unit consists of one (1) common share of the Corporation and one (1) warrant with each warrant exercisable for one (1) common share of the Corporation at $0.28 per share for twenty-four (24) months from closing.

Subsequent to the year-end, 87,949 stock options issued to former officers and directors expired unexercised.

Subsequent to the year-end, 760,000 common shares of the Corporation were issued on the exercise of 760,000 warrants for proceeds of $174,800.

13. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks 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 the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact they will have on the Corporation’s financial position and results of operations for future periods.