

1014379 B.C. Ltd.

FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF 1014379 B.C. LTD.

Opinion

We have audited the financial statements of 1014379 B.C. Ltd. (the "Company"), which comprise:

- ◆ the statements of financial position as at December 31, 2019 and 2018;
- ◆ the statements of loss and comprehensive loss for the years then ended;
- ◆ the statements of changes in shareholders' deficiency for the years then ended;
- ◆ the statements of cash flows for the years then ended; and
- ◆ the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 in our audits 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 a working capital deficiency of \$63,677 and a deficit of \$503,445 as at December 31, 2019, has not yet generated revenues, and has incurred losses and negative cash flows from operations since inception. 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 the information included in the Management's Discussion & Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management's Discussion & Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. 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 IFRS, 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.

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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.

Auditors' 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 auditors' 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 audit. 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 auditors' 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 auditors' 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 audit 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 auditors' report is Hervé Leong-Chung.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 27, 2020

Vancouver

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1014379 B.C. Ltd.

Statements of Financial Position

As at December 31

(Expressed in Canadian dollars)

| | Notes | 2019 | 2018 |
|---|-------|-----------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash | | \$ 298 | \$ 84 |
| Total assets | | \$ 298 | \$ 84 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 3,5 | \$ 63,975 | \$ 307,340 |
| Total liabilities | | 63,975 | 307,340 |
| Shareholders' deficiency | | | |
| Capital stock | 4 | 439,768 | 103,768 |
| Deficit | | (503,445) | (411,024) |
| Total shareholders' deficiency | | (63,677) | (307,256) |
| Total liabilities and shareholders' deficiency | | \$ 298 | \$ 84 |

Approved and authorized by the Board on March 27, 2020.

"Eugene Beukman" (signed)
Eugene Beukman, Director

"Joel Dumaresq" (signed)
Joel Dumaresq, Director

1014379 B.C. Ltd.

Statements of Loss and Comprehensive Loss

For the years ended December 31

(Expressed in Canadian dollars)

| | Notes | 2019 | 2018 |
|---|-------|-------------------|-------------------|
| Expenses | | | |
| Consulting fees | 5 | \$ 24,375 | \$ - |
| Filing fees | | 20,007 | 2,885 |
| Management fees | 5 | 31,500 | 63,000 |
| Office expenses | | 1,386 | 133 |
| Professional fees | 5 | 15,153 | 7,500 |
| Net loss and comprehensive loss for the year | | \$(92,421) | \$(73,518) |
| Loss per share – basic and diluted | | \$ (0.05) | \$ (0.15) |
| Weighted average number of common shares outstanding | | 1,978,900 | 506,023 |

1014379 B.C. Ltd.

Statements of Changes in Shareholders' Deficiency

For the years ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

| | Capital Stock | | | |
|-------------------------------------|-------------------------------|-------------------|---------------------|---------------------|
| | Number of Common Shares | Amount | Deficit | Total |
| Balance at December 31, 2017 | 506,023 | \$ 103,768 | \$ (337,506) | \$ (233,738) |
| Net loss for the year | - | - | (73,518) | (73,518) |
| Balance at December 31, 2018 | 506,023 | \$ 103,768 | \$ (411,024) | \$ (307,256) |
| Net loss for the year | - | - | (92,421) | (92,421) |
| Shares issued for debt | 13,440,000 | 336,000 | - | 336,000 |
| Balance at December 31, 2019 | 13,946,023 | \$ 439,768 | \$ (503,445) | \$ (63,677) |

1014379 B.C. Ltd.

Statements of Cash Flows

For the years ended December 31

(Expressed in Canadian dollars)

| | 2019 | | 2018 |
|--|---------------|-----------|----------------|
| Operating activities | | | |
| Net loss for the year | \$ (92,421) | \$ | (73,518) |
| Changes in non-cash working capital item: | | | |
| Accounts payable and accrued liabilities | 92,635 | | 72,413 |
| Net cash flows provided by (used in) operating activities | 214 | | (1,105) |
| Change in cash | 214 | | (1,105) |
| Cash, beginning of the year | 84 | | 1,189 |
| Cash, end of the year | \$ 298 | \$ | 84 |
| Shares issued to settle accounts payable and accrued liabilities | \$ 336,000 | \$ | - |

1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

1. Nature and continuance of operations

1014379 B.C. Ltd. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on September 23, 2014. The principal business of the Company is to identify, evaluate and then acquire an interest in a business or assets.

The Company’s principal address, records office and registered address are located at Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company’s continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses. The Company is in the development stage and currently has no sources of cash from operations. Further funds will be required to successfully develop the Company’s business and there is no certainty that these funds will be available. As at December 31, 2019, the Company has a working capital deficiency of \$63,677 (2018 - \$307,256) and for the year ended December 31, 2019, the Company incurred a net loss of \$92,421 (2018 - \$73,518). A different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company’s continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations and ultimately achieve profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors.

On May 6, 2019, a cease trade order (“CTO”) was issued by the British Columbia Securities Commission, as a result of the failure of the Company, under its previous management, to file annual financial statements and related management’s discussion and analysis within the required time. On November 7, 2019, the CTO has been revoked. The Company has addressed all of the outstanding filing deficiencies and brought its continuous disclosure records on SEDAR up to date.

2. Statement of compliance and significant accounting policies

These financial statements were authorized for issue on March 27, 2020 by the directors of the Company.

Statement of compliance

These financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”).

1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

2. Statement of compliance and significant accounting policies (cont'd)

Statement of compliance (cont'd)

These financial statements have been prepared on a historical cost basis, except for certain financial instruments. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The significant accounting policies set out in note 2 have been applied consistently to all periods presented, except for the adoption of IFRS 16, *Leases*.

Basis of presentation

The financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional currency.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments and estimates in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the fair value of common shares issued to settle accounts payable.

Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method the dilutive effect on loss per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Capital stock

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

2. Statement of compliance and significant accounting policies (cont'd)

Income tax

(i) Current income tax

Current income tax assets and liabilities for the current period 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, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost.

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

1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

2. Statement of compliance and significant accounting policies (cont'd)

Financial instruments (cont'd)

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

Financial assets through other comprehensive income ("FVTOCI")

Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not currently hold any financial instruments designated as FVTOCI.

Equity instruments designated as FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument. The Company does not currently hold any equity instruments designated as FVTOCI.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

2. Statement of compliance and significant accounting policies (cont'd)

Financial instruments (cont'd)

Derecognition

Financial assets

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

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

New standards adopted

IFRS 16 *Leases* ("IFRS 16")

The Company adopted IFRS 16 on January 1, 2019. IFRS 16 replaces IAS 17 *Leases*. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The adoption of IFRS 16 did not have a material impact on these financial statements as the Company does not have any long-term leases.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Accounts payable and accrued liabilities

| | December 31, 2019 | December 31, 2018 |
|---------------------|----------------------|----------------------|
| Accounts payable | \$ 59,975 | \$ 303,340 |
| Accrued liabilities | 4,000 | 4,000 |
| | \$ 63,975 | \$ 307,340 |

Included in accounts payable are amounts totaling \$51,503 (2018 - \$286,288) due to related parties (Note 5).

1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

4. Share Capital

Authorized share capital

Unlimited number of common shares without par value

Unlimited number of preferred shares without par value

Issued share capital

At December 31, 2019, there were 13,946,023 (2018 – 506,023) issued and fully paid common shares outstanding.

Shares issued during the year ended December 31, 2019:

On November 21, 2019, pursuant to debt settlement agreements, the Company issued 13,440,000 common shares with a fair value of \$336,000 to certain creditors of the Company, including a company controlled by a director of the Company, to settle accounts payable of \$336,000. No gains or losses have been recorded on the settlement of debt. Of the \$336,000 accounts payable settled, \$304,500 was owed to companies controlled by the former CEO, CFO and Director of the Company. Prior to entering into debt settlement agreements, the accounts payable of \$304,500 was assigned to various arms-length creditors. After the debt was assigned, the Company issued common shares to settle the debt to these arms-length creditors.

There were no shares issued during the year ended December 31, 2018.

5. Related party transactions

The Company considers its related parties to comprise directors, officers, companies controlled by directors and officers and companies with common directors. The key management compensation and director fees consist of the following for the years ended December 31, 2019 and 2018:

| | 2019 | 2018 |
|---|------------------|------------------|
| Management fees charged by former officer and director | \$ 31,500 | \$ 63,000 |
| Accounting and consulting fees charged by a company controlled by a director | 37,500 | - |
| | \$ 69,000 | \$ 63,000 |

Management fees of \$31,500 (2018 - \$63,000) were accrued to a private company controlled by the former CEO, CFO and director. These amounts accrued were later settled with common shares (Note 4).

As at December 31, 2019, there was \$13,288 (2018 - \$286,288) included in accounts payable and accrued liabilities owing to a former officer and director and companies controlled by the former director. The balances are unsecured, payable on demand and non-interest bearing.

As at December 31, 2019, there was \$38,215 (2018 - \$nil) included in accounts payable and accrued liabilities owing to a company controlled by a director of the Company. The balance is unsecured, payable on demand and non-interest bearing.

On November 21, 2019, pursuant to debt settlement agreements (Note 4), the Company issued 1,260,000 common shares to a company controlled by a director of the Company to settle accounts payable of \$31,500. No gains or losses have been recorded on the settlement of debt.

1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

6. Risk management and financial instruments

The Company classifies its financial instruments as follows:

- Cash is classified as a financial asset at FVTPL; and
- Accounts payable and accrued liabilities at amortized cost.

The carrying value of these financial instruments approximates their fair value due to their short-term nature.

The Company's risk exposure and the impact on the Company's financial instruments is summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash. The Company limits exposure to credit risk through maintaining its cash with high-credit quality Canadian financial institutions. The Company is not exposed to significant credit risk. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company will be required to raise additional financing to be able to satisfy its financial obligations of \$63,975 (2018 - \$307,340) and to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses. Financial obligations are due within three months of year end.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2019, the Company did not have any financial instruments subject to interest rate risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of shareholders' deficiency. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

The Company is actively looking to acquire an interest in a business or assets and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavors and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of capital stock. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

6. Risk management and financial instruments (cont'd)

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There were no changes in the Company's capital risk management approach during the year ended December 31, 2019.

7. Income tax

A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

| | 2019 | 2018 |
|--|-------------|-------------|
| Loss before income taxes | \$ (92,421) | \$ (73,518) |
| Canadian statutory tax rate | 27.0% | 27.0% |
| Income tax benefit computed at statutory rates | (24,954) | (19,850) |
| Unused tax losses and tax offsets not recognized | 24,954 | 19,850 |
| | \$ - | \$ - |

As at December 31, 2019, the Company has operating losses available for carry-forward of approximately \$503,000 (2018 - \$411,000) available to apply against future Canadian income for tax purposes that expire between 2034 and 2039.

8. Segmented information

The Company is currently identifying new business opportunities. All of its assets are located in Canada.