

# **GLORIOUS CREATION LIMITED**

## **Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2021 and 2020**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Glorious Creation Limited

### *Opinion*

We have audited the accompanying financial statements of Glorious Creation Limited (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, 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 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 audit 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 audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 2 of the financial statements, which indicates that at December 31, 2021, the Company had cash of \$291,284, a working capital of \$262,232 and a deficit of \$4,098,512. As stated in Note 2, these events and conditions 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 obtained at the date of this auditor's report includes 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 Management's 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 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.

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.

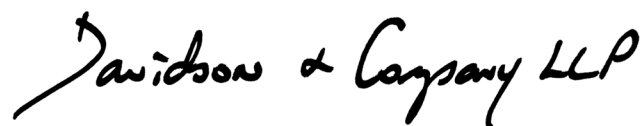
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 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 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 auditor's report is Glenn Parchomchuk.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

February 2, 2022

# Glorious Creation Limited

## Statements of Financial Position

Expressed in Canadian dollars

As at December 31,

	2021	2020
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	291,284	509,229
<b>Total assets</b>	291,284	509,229
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	26,952	23,953
Due to related parties (Note 6)	2,100	2,484
<b>Total current liabilities</b>	29,052	26,437
<b>Shareholders' equity</b>		
Share capital (Note 5)	3,825,043	3,825,043
Reserve (Note 5)	535,701	535,701
Deficit	(4,098,512)	(3,877,952)
<b>Total shareholders' equity</b>	262,232	482,792
<b>Total liabilities and shareholders' equity</b>	291,284	509,229

Nature of operations (Note 1)

Basis of preparation and going concern (Note 2)

Events subsequent to the reporting period (Note 11)

On behalf of the Board:

<u>"Liam Corcoran"</u>	Director
<u>"Toby Lim"</u>	Director

**Glorious Creation Limited**  
**Statements of Loss and Comprehensive Loss**  
Expressed in Canadian dollars  
**For the years ended December 31,**

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>General and administrative expenses</b>		
Accounting and auditing	15,581	20,718
Consulting	14,963	-
Director fees (Note 6)	12,600	16,800
Legal	35,046	13,319
Management fees (Note 6)	56,700	35,700
Office and miscellaneous	9,051	2,615
Project investigation	38,945	-
Registration and filing	21,059	12,088
Rent	3,494	-
Share-based compensation (Note 6)	-	17,540
Transfer agent and shareholder costs	3,423	17,069
Travel	9,698	-
<b>Net loss for the year</b>	<b>(220,560)</b>	<b>(135,849)</b>
<b>Weighted average number of common shares outstanding – Basic and diluted</b>	<b>20,983,389</b>	<b>10,799,584</b>
<b>Basic and diluted loss per common share</b>	<b>(0.01)</b>	<b>(0.01)</b>

# Glorious Creation Limited

## Statements of Changes in Shareholders' Equity (Deficiency)

Expressed in Canadian dollars

Share Capital					
	Number of common shares	Amount \$	Reserve \$	Deficit \$	Total \$
<b>Balance, December 31, 2019</b>	<b>2,801,571</b>	<b>2,831,023</b>	<b>518,161</b>	<b>(3,742,103)</b>	<b>(392,919)</b>
Shares issued in private placement	18,181,818	1,000,000	-	-	1,000,000
Share issuance costs	-	(5,980)	-	-	(5,980)
Share-based compensation	-	-	17,540	-	17,540
Loss for the year	-	-	-	(135,849)	(135,849)
<b>Balance, December 31, 2020</b>	<b>20,983,389</b>	<b>3,825,043</b>	<b>535,701</b>	<b>(3,877,952)</b>	<b>482,792</b>
Loss for the year	-	-	-	(220,560)	(220,560)
<b>Balance, December 31, 2021</b>	<b>20,983,389</b>	<b>3,825,043</b>	<b>535,701</b>	<b>(4,098,512)</b>	<b>262,232</b>

# Glorious Creation Limited

## Statements of Cash Flows

Expressed in Canadian dollars

For the years ended December 31,

	2021	2020
	\$	\$
<b>Operating activities</b>		
Net loss for the year	(220,560)	(135,849)
Non-cash item:		
Share-based compensation	-	17,540
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	2,999	(38,912)
Due to/from related parties	(384)	(129,666)
<b>Net cash used in operating activities</b>	<b>(217,945)</b>	<b>(286,887)</b>
<b>Financing activities</b>		
Proceeds from loan	-	27,000
Repayment of loan	-	(237,000)
Proceeds from share issuance, net of issue costs	-	994,020
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>784,020</b>
<b>Change in cash</b>	<b>(217,945)</b>	<b>497,133</b>
<b>Cash, beginning of the year</b>	<b>509,229</b>	<b>12,096</b>
<b>Cash, end of the year</b>	<b>291,284</b>	<b>509,229</b>

Supplement disclosure with respect to cash flows (Note 9)



# Glorious Creation Limited

## Notes to the Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2021 and 2020

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### 1. NATURE OF OPERATIONS

Glorious Creation Limited (the “Company”) was incorporated under the Canada Business Corporations Act on December 24, 2015 and was registered as an extra-provincial company in British Columbia on January 28, 2016. On September 5, 2017, the Company completed its initial public offering (“IPO”) and trading of the Company’s common shares commenced on the Canadian Securities Exchange (“CSE”).

The Company is currently identifying and evaluating new potential assets or business acquisition.

The Company’s head office and principal address is 405 - 1328 West Pender Street, Vancouver, BC, Canada and the registered and records office of the Company is located at 10<sup>th</sup> floor, 595 Howe Street, Vancouver, BC, Canada.

### 2. BASIS OF PREPARATION AND GOING CONCERN

#### *Statement of compliance*

These financial statements have been prepared in accordance 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”).

These financial statements were authorized for issue by the Board of Directors on February 2, 2022.

#### *Basis of measurement*

These financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

#### *Going concern*

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operations for the foreseeable future and meet its obligations and commitments in the normal course of business. The Company currently is looking for new assets or businesses to acquire. It has no business that can generate revenue. At December 31, 2021, the Company had cash of \$291,284 (December 31, 2020 - \$509,229), a working capital of \$262,232 (December 31, 2020 - \$482,792) and a deficit of \$4,098,512 (December 31, 2020 - \$3,877,952).

In the past, operating and development capital requirements have been funded primarily from equity financing and the Company will need to arrange equity or other financing in the near future in order to continue in operation. While the Company has been successful in raising capital in the past, there can be no assurance that such financing will be available to the Company in the amount required or that it can be obtained on terms satisfactory to the Company. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

# Glorious Creation Limited

## Notes to the Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2021 and 2020

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### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

(i) Going concern evaluation

As discussed in note 2, these financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period.

(iii) Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### Cash

Cash includes cash held at major financial institutions and highly liquid guaranteed investment certificates that are readily available to the Company on demand or with maturity dates of three months or less.

#### *Share-based payment transactions*

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees, the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

# Glorious Creation Limited

## Notes to the Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2021 and 2020

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### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Share capital*

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 or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

#### *Loss per share*

Basic loss per share is calculated by dividing the loss for the year attributable to the ordinary shareholders by the weighted average number of common shares issued and outstanding during the year. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. In years in which a loss is incurred, the effect of potential issuances of shares under options and warrants would be anti-dilutive and therefore basic and diluted loss per share are the same.

#### *Lease*

Under IFRS 16, the Company recognizes right of use assets and lease liabilities for all leases except where the Company has elected to use the practical expedient to not recognize right-of-use assets and lease liabilities for low-value assets or short-term leases under 1 year that are not expected to renew. As of December 31, 2021, the Company only had a short-term lease relating to office space where no right-of-use assets or lease liabilities were recognized.

#### *Provisions*

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

#### *Financial instruments*

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

#### *Financial assets*

The Company will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

# Glorious Creation Limited

## Notes to the Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2021 and 2020

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### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Financial instruments (continued)*

a) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; 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.

b) Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

c) Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

The Company's financial assets are comprised of cash which are classified as and measured at amortized cost.

#### *Financial liabilities*

The Company's liabilities include accounts payable and accrued liabilities, due to related parties and loans which are all measured at amortized cost. After initial recognition, an entity cannot reclassify any financial liability.

#### *Impairment*

The Company assesses on a forward looking basis the expected credit losses associated with its investments in debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

#### **New, amended and future accounting pronouncements**

Accounting standards and 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.

### 5. SHAREHOLDERS' EQUITY

#### *Share capital*

Authorized:

Unlimited common shares without par value

As of December 31, 2021, the Company has 20,983,389 (December 31, 2020 – 20,983,389) common shares outstanding.

# Glorious Creation Limited

## Notes to the Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2021 and 2020

### 5. SHAREHOLDERS' EQUITY (continued)

There was no share issuance during the year ended December 31, 2021.

During the year ended December 31, 2020, the Company closed a private placement by raising \$1,000,000 through the issuance of 18,181,818 units at \$0.055 per unit. Each unit is comprised of one post-consolidated common share and one share purchase warrant entitling the holder to acquire one post-consolidated common share at a price of \$0.07 per post-consolidated share for a period of 48 months.

#### Share consolidation

On July 24, 2020, the Company consolidated its shares on a basis of one (1) post consolidated share for fourteen (14) pre consolidated shares. After the share consolidation, the Company had 2,801,571 common shares issued and outstanding. In these financial statements, reference to common shares and per share amounts has been retroactively restated.

#### Stock options

In January 2017, the Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with CSE requirements, grant to directors, officers, employees and technical consultants to 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. Such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

There were no stock option transactions during the years ended December 31, 2021 and 2020.

Option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2019	71,429	\$ 4.28
Cancelled	(53,572)	4.31
Balance, December 31, 2020 and 2021	17,857	\$ 4.20
Exercisable, December 31, 2020 and 2021	17,857	\$ 4.20

As at December 31, 2021, the following incentive stock options are outstanding:

Number of Options	Exercise Price	Expiry Date
17,857	\$ 4.20	September 5, 2022

# Glorious Creation Limited

## Notes to the Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2021 and 2020

### 5. SHAREHOLDERS' EQUITY (continued)

#### Warrants

On July 24, 2020, the Company closed a private placement by raising \$1,000,000 through the issuance of 18,181,818 units at \$0.055 per unit. Each unit is comprised of one common share and one share purchase warrant entitling the holder to acquire one common share at a price of \$0.07 per share for a period of 48 months.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2019	71,429	\$ 10.50
Issued	18,181,818	0.07
Expired	(71,429)	10.50
Balance, December 31, 2020 and 2021	18,181,818	\$ 0.07

As at December 31, 2021, the following warrants are outstanding:

Number of Options	Exercise Price	Expiry Date
18,181,818	\$ 0.07	July 24, 2024

### 6. RELATED PARTY TRANSACTIONS

- During the year ended December 31, 2021, the Company paid or accrued management fees of \$31,500 (2020 - \$10,500) to a company controlled by the CEO of the Company. As of December 31, 2021, \$Nil (December 31, 2020 - \$384) was owed to the company controlled by the CEO.
- During the year ended December 31, 2021, the Company paid or accrued management fees of \$25,200 (2020 - \$25,200) to a company controlled by the CFO of the Company. As of December 31, 2021, \$2,100 (December 31, 2020 - \$2,100) was owed to the company controlled by the CFO.
- During the year ended December 31, 2021, the Company paid or accrued directors' fees of \$12,600 (2020 - \$4,200) to a company controlled by a director.
- During the year ended December 31, 2021, the Company paid or accrued directors' fees of \$Nil (2020 - \$12,600) to two former directors.
- During the year ended December 31, 2021, the Company accrued \$7,962 (2020 - \$5,000) to a law firm, a partner of which is a director of the Company. As of December 31, 2021, \$Nil (December 31, 2020 - \$5,000) was owed to the law firm.
- The Company incurred \$Nil (2020 - \$17,540) in share-based compensation related to stock options granted to related parties in prior years.

# Glorious Creation Limited

## Notes to the Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2021 and 2020

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### 6. RELATED PARTY TRANSACTIONS (continued)

#### Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

Other than the transactions disclosed above, there was no other compensation paid to key management during the years ended December 31, 2021 and 2020.

### 7. CAPITAL RISK MANAGEMENT

The Company defines capital as the items included in shareholders' equity (deficiency). The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, ensure sufficient capital and liquidity to complete its technology developments, establish commercial markets and pursue its growth strategy.

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize the development efforts, the Company does not pay out dividends during its development stage.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the reporting period.

### 8. FAIR VALUE AND RISK MANAGEMENT

IFRS 13, Fair Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company measured its cash, accounts payable and accrued liabilities, and due to related parties at amortized cost. The carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments.

#### ***Credit risk***

Credit risk arises from cash held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash is held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash and receivables on its statement of financial position.

# Glorious Creation Limited

## Notes to the Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2021 and 2020

### 8. FAIR VALUE AND RISK MANAGEMENT (continued)

#### *Currency risk*

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no significant assets or liabilities and has no revenue or expenses denominated in a foreign currency; accordingly it is not exposed to foreign currency risk.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2021, the Company had a cash balance of \$291,284 (December 31, 2020 - \$509,229) to settle current liabilities of \$29,052 (December 31, 2020 - \$26,437). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company needs further funding to meet its short-term and long-term cash requirements.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.

### 9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Other than transactions disclosed elsewhere, there were no significant non-cash investing and financing transactions during the years ended December 31, 2021 and 2020.

### 10. INCOME TAXES

A reconciliation of income taxes at statutory rates (2021 – 27%; 2020 – 27%) with the reported taxes is as follows:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Loss for the year	\$ (220,560)	\$ (135,849)
Expected income tax recovery	(60,000)	(37,000)
Change in statutory, foreign tax, foreign exchange rates and other	1,000	(1,000)
Share issuance costs	-	(2,000)
Permanent difference	1,000	5,000
Change in unrecognized deductible temporary differences	58,000	35,000
<b>Total income tax expenses (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>



# Glorious Creation Limited

## Notes to the Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2021 and 2020

### 10. INCOME TAXES (continued)

The significant components of the Company's net unrecognized deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
<b>Deferred tax assets</b>		
Share issue costs	\$ 1,000	\$ 9,000
Allowable capital losses	308,000	308,000
Non-capital losses available for future periods	435,000	370,000
Unrecognized deferred tax assets	(744,000)	(687,000)
<b>Net deferred tax assets</b>	\$ -	\$ -

The significant components of the Company's temporary differences and unused tax losses are as follows:

	December 31, 2021	Expiry date range	December 31, 2020	Expiry date range
<b>Temporary Differences</b>				
Share issue costs	\$ 2,000	2022 to 2042	\$ 29,000	2022 to 2040
Allowable capital losses	\$ 1,142,000	No expiry date	\$ 1,142,000	No expiry date
Non-capital losses available for future periods	\$ 1,612,000	2036 to 2041	\$ 1,223,000	2036 to 2040

Tax attributes are subject to review, and potential adjustment, by tax authorities.

### 11. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

There are no significant transactions incurred subsequent to the year ended December 31, 2021.