

EXPRESS CAPITAL CORP.

Financial Statements

Year Ended July 31, 2020

Expressed in Canadian Dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Express Capital Corp.:

Opinion

We have audited the financial statements of Express Capital Corp. (the "Company"), which comprise the statements of financial position as at July 31, 2020 and 2019, and the statements of comprehensive loss, changes in shareholders' deficit and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 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 describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and will 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 identified above 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. 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. 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 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 Barry Hartley.

DMLC

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
November 23, 2020



An independent firm
associated with Moore
Global Network Limited

EXPRESS CAPITAL CORP.Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	July 31, 2020	July 31, 2019
Assets			
Current assets and total assets			
Cash		\$ 15,940	\$ 6,172
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Total current assets and total assets		\$ 15,940	\$ 6,172
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Liabilities and shareholders' deficit			
Current liabilities			
Accounts payable		\$ 25,189	\$ 9,836
Accrued liabilities		8,390	5,000
Loan payable	8	2,809	-
Due to related party	8	22,575	-
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		58,963	14,836
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Shareholders' deficit			
Share capital	4	121,000	121,000
Subscriptions received in advance	4	21,000	-
Deficit		(185,023)	(129,664)
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Total shareholders' deficit		(43,023)	(8,664)
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Total liabilities and shareholders' deficit		\$ 15,940	\$ 6,172
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Nature and continuance of operations (Note 1)
Subsequent events (Note 9)

Approved on behalf of the Board:

"Chris Cooper"

Chris Cooper, Director

The accompanying notes are an integral part of these financial statements

EXPRESS CAPITAL CORP.Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year Ended July 31, 2020	Year Ended July 31, 2019
Administrative expenses			
General and administrative		\$ 1,808	\$ 13,695
Consulting	8	12,075	19,583
Transfer agent and filing fees		5,676	8,730
Management fees	8	10,500	2,000
Legal and accounting		25,300	13,899
Net and comprehensive loss		\$ (55,359)	\$ (57,907)
Weighted average number of outstanding shares		5,010,549	5,010,549
Basic and diluted loss per share		\$ 0.01	\$ 0.01

The accompanying notes are an integral part of these financial statements

EXPRESS CAPITAL CORP.Statements of Changes in Shareholders' Deficit
(Expressed in Canadian Dollars)

	Share capital		Subscriptions received in advance	Deficit	Total shareholders' equity (deficit)
	Number	Amount			
Balance, July 31, 2018	5,010,549	\$ 121,000	\$ -	\$ (71,757)	\$ 49,243
Net and comprehensive loss	-	-	-	(57,907)	(57,907)
Balance, July 31, 2019	5,010,549	121,000	-	(129,664)	(8,664)
Subscriptions received in advance (Note 4)	-	-	21,000	-	21,000
Net and comprehensive loss	-	-	-	(55,359)	(55,359)
Balance, July 31, 2020	5,010,549	\$ 121,000	\$ 21,000	\$ (185,023)	\$ (43,023)

The accompanying notes are an integral part of these financial statements

EXPRESS CAPITAL CORP.Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended July 31, 2020	Year Ended July 31, 2019
Cash provided by (used in):		
Operating activities		
Net loss	\$ (55,359)	\$ (57,907)
Changes in non-cash working capital items		
Accounts payables	15,353	(51,548)
Accrued liabilities	3,390	1,500
Due to related party	22,575	-
Cash used in operating activities	(14,041)	(107,955)
Financing activities		
Loans received	2,809	-
Subscriptions received	21,000	46,665
Cash provided by financing activities	23,809	46,665
Increase (decrease) in cash	9,768	(61,290)
Cash, beginning	6,172	67,462
Cash, ending	\$ 15,940	\$ 6,172

The accompanying notes are an integral part of these financial statements

EXPRESS CAPITAL CORP.

For the year ended July 31, 2020

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Express Capital Corp. (the “Company”) was incorporated on November 11, 2014 under the laws of British Columbia, Canada. The Company is a reporting issuer in British Columbia and Alberta. The Company is in the business of consulting on capital markets deal structuring, venture capital and corporate advisory. The Company’s corporate head office is located at Suite 409, 221 West Esplanade, North Vancouver, British Columbia, Canada.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company’s continuing operations, and its financial success may be dependent upon the extent to which it can successfully develop its business consulting on capital markets deal structuring, venture capital and corporate advisory.

The development of the Company’s business may take many years to be successful and the amount of resulting income, if any, is difficult to determine with any certainty. On July 31, 2020, the Company had not yet achieved profitable operations, had a net loss of \$55,359 (2019: \$57,907) and a deficit of \$185,023 (2019: \$129,664), and expects to incur losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (“COVID-19”). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations, cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2021.

The financial statements were approved by the Board of Directors on November 23, 2020.

2. 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 interpretations issued by the International Financial Standards Interpretations Committee (“IFRIC”).

The financial statements are presented in Canadian dollars, which is the functional currency of the Company.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss or fair value through other comprehensive income, if applicable, 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.

EXPRESS CAPITAL CORP.

For the year ended July 31, 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

a) 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 year. 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 the revision affects both current and future periods.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Deferred income tax

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimates of future profits or losses adjusted for significant nontaxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Going concern

The assumption that the Company is a going concern and will continue into the foreseeable future. The factors considered by management are disclosed in Note 1.

b) Cash and cash equivalents

Cash comprises of cash held at a bank and in trust by lawyer and is highly liquid in nature.

c) Shared-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

EXPRESS CAPITAL CORP.

For the year ended July 31, 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Income taxes

Income tax on the income or loss for the periods presented comprises current and deferred tax. Income tax is recognized in income 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 period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising 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.

e) Financial instruments

The following table shows the classification under IFRS 9:

Financial asset/ liability	Classification
Cash	Amortized cost
Loans	Amortized cost
Due to related party	Amortized cost
Accounts payable	Amortized cost

(i) 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 income (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.

(ii) 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 are subsequently carried at amortized cost less any impairment.

EXPRESS CAPITAL CORP.

For the year ended July 31, 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

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 net (loss) income. 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 net (loss) income in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income (loss) ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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 recognizes in the statements of comprehensive income (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.

(iii) 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.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

EXPRESS CAPITAL CORP.

For the year ended July 31, 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Financial instruments (cont'd)

(iv) Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is measured using level 1 inputs.

f) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

g) Leases

The Company adopted all of the requirements of IFRS 16 Leases ("IFRS 16") as of August 1, 2019. IFRS 16 replaces IAS 17 Leases ("IAS 17"). IFRS 16 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 Company analyzed its contracts to identify whether they contain a lease arrangement for the application of IFRS 16. On the date of transition, the Company did not have any leases with lease terms in excess of 12 months. Accordingly, the Company did not record any transition adjustments on August 1, 2019.

The following is the Company's new accounting policy for leases under IFRS 16:

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

EXPRESS CAPITAL CORP.

For the year ended July 31, 2020
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g) Leases (continued)

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

i) Future changes in accounting policies

The Company has not early adopted the following revised standard and does not expect it to have an impact on its future financial statements.

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The Company has not elected to apply this amendment early.

4. SHARE CAPITAL

Common shares

The Company has authorized an unlimited number of Class A common shares without par value.

As at July 31, 2020, the Company received \$21,000 for subscriptions received in advance (Note 9). There were no shares issued during the years ended July 31, 2019 and 2020.

Preferred shares

The Company has authorized an unlimited number of Class B preferred shares without par value. There are no preferred shares issued to date.

5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the commercialization of the licensed proprietary asset. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. There were no changes in the Company's approach to capital management since inception. The Company is not subject to any external capital requirements.

EXPRESS CAPITAL CORP.

For the year ended July 31, 2020

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

	Ref.	July 31, 2020	July 31, 2019
		\$	\$
Other financial assets	a	15,940	6,172
Other financial liabilities	b	(50,572)	(9,836)

a. Comprised of cash

b. Comprised of accounts payable, loans and due to related party.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

Management of Industry and Financial Risk

The Company is in the business of consulting on capital markets, deal structuring, venture capital and corporate advisory.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. Liquidity risk has been assessed as high.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

Currency Risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company does not have any assets or liabilities denominated in foreign currencies and engages in very few transactions denominated in a foreign currency; therefore, its exposure to currency risk is limited.

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 is not exposed to interest rate risk.

EXPRESS CAPITAL CORP.

For the year ended July 31, 2020

(Expressed in Canadian Dollars)

7. INCOME TAXES

A reconciliation of income taxes at statutory tax rates is as follows:

	2020	2019
Loss for the year	\$ (55,359)	\$ (57,907)
Statutory tax rate	27%	27%
Expected recovery of income taxes	(14,947)	(15,635)
Effect of change in tax rate	-	(717)
Change in benefit not recognized	14,947	16,352
Deferred income tax recovery	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statements of financial position are as follows:

	2020	2019
Non-capital losses	\$ 49,966	\$ 35,009

Losses in Canada that reduce future income for tax purposes expire as follows:

2037	\$	1,500
2038		70,257
2039		57,907
2040		55,359
	\$	185,023

8. RELATED PARTY TRANSACTIONS

As at July 31, 2020, current liabilities include an amount of \$22,575 (2019 – \$nil) due to the director and a shareholder of the Company and/or companies controlled by them and \$2,809 (2019 - \$nil) for a loan from a shareholder. The amounts are unsecured, non-interest bearing and has no fixed terms of repayment. During the year ended July 31, 2020, the Company incurred management fees of \$10,500 (2019 - \$nil) do the director and consulting fees of \$12,075 (2019 - \$2,000) to a shareholder of the Company.

9. SUBSEQUENT EVENTS

- On August 24, 2020, the Company closed a non-brokered private placement under which it has raised gross proceeds of \$293,500 by way of the issuance of 5,870,000 Class A common shares of the Company at a price of \$0.05 per share. The Company received \$21,000 prior to July 31, 2020. At July 31, 2020 the Company received \$21,000 towards this financing.
- On August 31, 2020, the Company entered into a property option agreement where it can acquire up to an 80% interest in the Golden Moon Property, comprised of 10 mineral claims located in the Province of Quebec, by spending \$450,000 on the property on or before December 31, 2023 (or cash payments in lieu thereof) and issuing 1,500,000 common shares over time.