IRONWOOD CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2018 AND THE PERIOD FROM
INCEPTION ON AUGUST 28, 2017 TO OCTOBER 31, 2017
(Expressed in Canadian Dollars)

Crowe MacKay LLP
1100 - 1177 West Hastings St.
Vancouver, BC V6E 4T5
Main +1 (604) 687-4511
Fax +1 (604) 687-5805
www.crowemackay.ca

Independent Auditor's Report

To the Shareholders of Ironwood Capital Corp.

We have audited the accompanying consolidated financial statements of Ironwood Capital Corp. and its subsidiary, which comprise the consolidated statements of financial position as at October 31, 2018 and October 31, 2017, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the periods then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ironwood Capital Corp. and its subsidiary as at October 31, 2018 and October 31, 2017 and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Ironwood Capital Corp. to continue as a going concern.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
February 27, 2019

IRONWOOD CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	October 31, 2018 $	October 31, 2017 $
ASSETS			
Current assets			
Cash		503,797	150,000
GST recoverable		1,084	42
Total assets		504,881	150,042
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		29,143	6,405
SHAREHOLDERS' EQUITY			
Share capital	**5**	505,319	150,000
Contributed surplus	**5**	10,641	-
Deficit		(40,222)	(6,363)
		475,738	143,637
Total liabilities and shareholders' equity		504,881	150,042

Nature of operations and going concern (Note 1)

Approved and authorized on behalf of the Board of Directors on February 21, 2019

"**Paul Andreola**" Director "**Colin Bowkett**" Director

IRONWOOD CAPITAL CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the year ended October 31, 2018 and the period from inception on August 28, 2017 to October 31, 2017

(Expressed in Canadian Dollars)

		2018 $	2017 $
ADMINISTRATIVE EXPENSES			
Filing fees		27,966	-
Office expenses		1,079	-
Professional fees		54,814	6,363
		(83,859)	(6,363)
OTHER REVENUE			
Agreement termination fee	**9**	50,000	-
		50,000	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(33,859)	(6,363)
NET LOSS PER SHARE – BASIC AND DILUTED		(0.01)	(0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		2,873,486	1,476,924

The accompanying notes are an integral part of these consolidated financial statements

IRONWOOD CAPITAL CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars, except for share figures)

	Number of Shares #	Share Capital $	Contributed Surplus $	Deficit $	Total $
Balance, Inception on August 28, 2017	-	-	-	-	-
Shares issued for cash	1,500,001	150,000	-	-	150,000
Net and comprehensive loss for the period	-	-	-	(6,363)	(6,363)
Balance, October 31, 2017	1,500,001	150,000	-	(6,363)	143,637
Shares issued for cash	2,062,000	412,400	-	-	412,400
Share issuance costs	-	(57,081)	10,641	-	(46,440)
Net and comprehensive loss for the year	-	-	-	(33,859)	(33,859)
Balance, October 31, 2018	3,562,001	505,319	10,641	(40,222)	475,738

The accompanying notes are an integral part of these consolidated financial statements

IRONWOOD CAPITAL CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended October 31, 2018 and the period from
inception on August 28, 2017 to October 31, 2017
(Expressed in Canadian Dollars)

	2018	**2017**
	$	**$**
Operating activities:		
Net loss for the year/period	(33,859)	(6,363)
Changes in non-cash working capital related to operations:		
GST recoverable	(1,042)	(42)
Accounts payable and accrued liabilities	22,738	6,405
Net cash used in operating activities	(12,163)	-
Financing activity:		
Shares issued for cash, net of share issuance costs	365,960	150,000
Net cash provided by financing activity	365,960	150,000
Increase in cash during the year/period	353,797	150,000
Cash – beginning of the year/period	150,000	-
Cash – end of the year/period	503,797	150,000

1. NATURE OF OPERATIONS AND GOING CONCERN

Ironwood Capital Corp. ("the Company" or "Ironwood") was incorporated under the Company Act of British Columbia on August 28, 2017. The Company's registered and records office is located at Suite 704, 595 Howe Street, Vancouver, BC V6C 2T5. The Company is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction.

On May 4, 2018, the Company successfully completed its initial public offering (the "IPO") and issued 1,012,000 common shares of the Company at a price of $0.20 per share for gross proceeds of $202,400. Additionally, the Company received approval of its application to list its common shares on the TSX-V. The Company's common shares were listed on the TSX-V on May 3, 2018 and immediately halted pending closing of the IPO. The Company's common shares resumed trading on May 7, 2018 under the trading symbol "IRN.P".

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern. The proposed business of the Company and the completion of a Qualifying Transaction involve a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

a) Statement of compliance

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

These financial statements were approved by the board of directors for issue on February 21, 2019.

b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value.

c) Consolidation

These consolidated financial statements include the financial statements of the Company and a wholly-owned subsidiary subject to control by the Company, 2125839 Alberta Inc.

Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

a) Foreign currencies

The presentation currency of the Company is the Canadian dollar. The functional currency of the Company and 2125839 Alberta Inc. is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

b) Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL includes financial assets held for trading and are measured at fair value with unrealized gains and losses recognized in profit or loss. The Company held no financial assets during the year ended October 31, 2018 and the period from inception on August 28, 2017 to October 31, 2017 which were classified as FVTPL.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The Company has classified its cash as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment below its cost. The Company held no financial assets during the year ended October 31, 2018 and the period from inception on August 28, 2017 to October 31, 2017 which were classified as available-for-sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Company has classified its accounts payable and accrued liabilities as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss. The Company has no financial liabilities classified as FVTPL.

De-recognition of financial assets and liabilities

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities are de-recognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

c) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares are classified as equity instruments.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

d) Loss per share

Basic loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive.

e) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management’s best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

f) Income tax

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

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

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4. RECENT ACCOUNTING PRONOUNCEMENTS

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not completed its assessment of the impact that the new and amended standards will have on its financial statements. The Company also has not early adopted any of these standards in the financial statements.

Financial instruments
In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* (“IFRS 9”), which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement* (“IAS 39”) and all previous versions of IFRS 9. The new standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company intends to adopt IFRS 9 in its financial statements for the fiscal year beginning November 1, 2018. The adaption of this standard is not expected to have material impact on the Company’s financial statements.

Revenue recognition
In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15’) establishing a comprehensive framework for revenue recognition. The standard replaces IAS 18, *Revenue* and IAS 11, *Construction Contracts* and related interpretations and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company intends to adopt IFRS 15 in its financial statements for the fiscal year beginning November 1, 2018. The adaption of this standard is not expected to have material impact on the Company’s financial statements.

Leases
In January 2016, the IASB issued IFRS 16, *Leases*, which supersedes IAS 17, *Leases*. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single model for lessees to bring leases on-balance sheet while lessor accounting remains largely unchanged and retains the finance and operating lease distinctions. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning November 1, 2019. The extent of the impact of adoption has not yet been determined.

5. SHARE CAPITAL

a) Authorized – Unlimited common shares without par value.
b) Issued and outstanding – 3,562,001 common shares

c) Financings

On August 28, 2017, the Company issued 1 common share at $0.01 per share.

On August 29, 2017, the Company issued 1,500,000 common shares at $0.10 per share for gross proceeds of $150,000.

On January 2, 2018, the Company issued 1,050,000 common shares at $0.20 per share for gross proceeds of $210,000.

On May 4, 2018, the Company successfully completed its IPO and issued 1,012,000 common shares at $0.20 per share for gross proceeds of $202,400. Canaccord Genuity Corp. acted as agent (the "Agent") for the IPO. Cash transaction costs of $46,440 were incurred in connection with the IPO, which included a cash commission to the Agent and other administration and legal costs. The Company also issued 101,200 agent warrants, which entitled holders to purchase 101,200 common shares at a price of $0.20 per share until May 3, 2020. The fair value of these agent warrants was estimated to be $10,641 using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 1.10%, and an expected life of 2 years.

d) Stock options

During the year ended October 31, 2018, 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 the TSX-V 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. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised the greater of 12 months after completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Subject to earlier termination, all options granted under the Option Plan will expire not later than the date that is ten years from the date of the grant.

During the year ended October 31, 2018, the Company did not grant any stock options to its officers, directors, or consultants. There were no stock options outstanding as at October 31, 2018.

e) Agent Warrants

There are 101,200 agent warrants outstanding and exercisable at $0.20 per share as at October 31, 2018. These warrants will expire on May 3, 2020. The weighted average remaining life of these warrants is 1.51 years.

6. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements imposed by a regulator.

7. FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

The Company's financial instruments consist of cash, and accounts payable and accrued liabilities. Cash is designated as loans and receivables, which is measured at amortized cost. Accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – techniques (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 – techniques which use inputs which have a significant effect on recorded fair values for the asset or liability that are not based on observable market data (unobservable inputs).

As at October 31, 2018, the Company believes that the carrying values of cash, and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

(Expressed in Canadian Dollars)

b) Management of risks arising from financial instruments

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with a reputable Canadian bank. The credit risk related to cash is considered minimal.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company has no interest bearing financial instruments.

Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

8. INCOME TAXES

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

	Year ended October 31, 2018	**From incorporation to October 31, 2017**
Statutory tax rate	**26%**	**26%**
	$	**$**
Loss before income taxes	(33,859)	(6,363)
Expected income tax recovery at statutory rate	(8,803)	(1,654)
Change in deferred tax asset not recognized	8,803	1,654
Income tax recovery	-	-

(Expressed in Canadian Dollars)

The significant components of the Company's deferred income tax assets as at October 31, 2018 and 2017 are as follows:

	2018 **$**	**2017** **$**
Non-capital loss carry forward	8,803	1,654
Unrecognized deferred income tax assets	(8,803)	(1,654)
Net deferred tax asset	-	-

The Company has non-capital losses carried forward for income tax purposes of approximately $40,200 which can be applied against future years' taxable income. These losses will expire in 2037 and 2038. Future tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements.

9. TERMINATION OF PROPOSED QUALIFYING TRANSACTION

On June 21, 2018, the Company entered into an amalgamation agreement (the “Amalgamation Agreement”) with Nanalysis Corp. (“Nanalysis”), to acquire all of the outstanding common shares of Nanalysis by way of a three-corner amalgamation (the “Transaction”) among the Company, Nanalysis and 2125839 Alberta Inc. (“Subco”). The transaction was to constitute the Company's qualifying transaction under the policies of the TSX-V.

On October 16, 2018, the Company and Nanalysis have mutually agreed to terminate the Amalgamation Agreement.