IRONWOOD CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2019 AND 2018
(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.

Opinion

We have audited the consolidated financial statements of Ironwood Capital Corp. ("the Group"), which comprise the consolidated statements of financial position as at October 31, 2019 and October 31, 2018 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at October 31, 2019 and October 31, 2018, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Keith L. Gagnon.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
February 25, 2020

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

	Note	October 31, 2019 $	October 31, 2018 $
ASSETS			
Current assets			
Cash		436,841	503,797
GST recoverable		759	1,084
Prepaid expenses		1,733	-
Total assets		439,333	504,881
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		24,683	29,143
SHAREHOLDERS' EQUITY			
Share capital	**5**	505,319	505,319
Contributed surplus	**5**	10,641	10,641
Deficit		(101,310)	(40,222)
		414,650	475,738
Total liabilities and shareholders’ equity		439,333	504,881

Nature of operations and going concern (Note 1)
Subsequent events (Note 10)

Approved and authorized on behalf of the Board of Directors on February 25, 2020

“**Luke Montaine**” Director   “**Nicholas Houghton**” Director

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

IRONWOOD CAPITAL CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended October 31, 2019 and 2018
(Expressed in Canadian Dollars)

		2019 $	2018 $
ADMINISTRATIVE EXPENSES			
Consulting fees		20,000	-
Filing fees		13,709	27,966
Office expenses		194	1,079
Professional fees		27,185	54,814
		(61,088)	(83,859)
OTHER REVENUE			
Agreement termination fee	**9**	-	50,000
		-	50,000
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(61,088)	(33,859)
NET LOSS PER SHARE – BASIC AND DILUTED		(0.02)	(0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		3,562,001	2,873,486

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, November 1, 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
Net and comprehensive loss for the year	-	-	-	(61,088)	(61,088)
Balance, October 31, 2019	3,562,001	505,319	10,641	(101,310)	414,650

IRONWOOD CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended October 31, 2019 and 2018
(Expressed in Canadian Dollars)

	2019 $	2018 $
Operating activities:		
Net loss for the year	(61,088)	(33,859)
Changes in non-cash working capital related to operations:		
GST recoverable	325	(1,042)
Prepaid expenses	(1,733)	-
Accounts payable and accrued liabilities	(4,460)	22,738
Net cash used in operating activities	(66,956)	(12,163)
Financing activity:		
Shares issued for cash, net of share issuance costs	-	365,960
Net cash provided by financing activity	-	365,960
Increase (decrease) in cash during the year	(66,956)	353,797
Cash – beginning of the year	503,797	150,000
Cash – end of the year	436,841	503,797

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

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 2300 – 1177 West Hastings Street, Vancouver, BC V6E 2K3. 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 consolidated 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 consolidated financial statements were approved by the board of directors for issue on February 25, 2020.

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

Recognition and Classification
The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

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.

Measurement
Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of (loss) 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 (loss) income in the year in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

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

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, 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.

Derecognition
Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

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

(Expressed in Canadian Dollars)

4. ACCOUNTING CHANGES AND RECENT PRONOUNCEMENTS

New and amended standards adopted by the Company

IFRS 9, *Financial Instruments* ("IFRS 9") replaces IAS 39, *Financial Instruments: Recognition and Measurement* and became effective for the Company on November 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of the standard was applied retrospectively.

The Company completed a detailed assessment of its financial assets and liabilities as at November 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	**New classification IFRS 9**
Cash	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

The Company did not restate prior periods as there was no impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on November 1, 2018.

New standards and interpretations not yet adopted

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 adoption of this standard is not expected to have a material measurement or disclosure impact on the Company's consolidated financial statements.

Amendments to IFRS 9, *Financial Instruments* clarify that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature with negative compensation may be eligible to be measured at either amortized cost or fair value through other comprehensive income. This classification is subject to the assessment of the business model in which the particular financial asset is held as well as consideration of whether certain eligibility conditions are met. The amendments are effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The adoption of these amendments is not expected to have a material measurement or disclosure impact on the Company's consolidated financial statements.

In October 2018, the IASB issued amendments to IFRS 3, *Business Combinations*. The amendments narrowed and clarified the definition of a business. The amendments will help companies determine whether an acquisition is a business or a group of assets. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. Distinguishing between a business and a group of assets is important because an acquirer recognizes goodwill only when acquiring a business. This amendment will be effective for annual periods beginning on or after January 1, 2020. Early adoption is permitted.

5. SHARE CAPITAL

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

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.

The Company did not issue any common shares during the year ended October 31, 2019.

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 years ended October 31, 2019 and 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, 2019 and 2018.

e) Agent Warrants

There are 101,200 agent warrants outstanding and exercisable at $0.20 per share as at October 31, 2019 and 2018. These warrants will expire on May 3, 2020. The weighted average remaining life of these warrants at October 31, 2019 is 0.51 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 proceeds from the issuance of share capital raised by the Company, both prior to the Company's IPO and from the IPO itself, may only be used to identify and evaluate assets or businesses for future investments, with the lesser of 30% of the gross proceeds or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the TSX-V.

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. There was no change to the Company's approach to capital management during the year.

7. FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

The Company's financial instruments consist of cash, and accounts payable and accrued liabilities. The Company designated its cash and accounts payable and accrued liabilities as amortized cost.

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

- Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

As at October 31, 2019, 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.

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.

(Expressed in Canadian Dollars)

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, 2019	**Year ended October 31, 2018**
Statutory tax rate	**27%**	**26%**
	$	**$**
Loss before income taxes	(61,088)	(33,859)
Expected income tax recovery at statutory rate	(16,494)	(8,803)
Effect of tax rate change	(339)	-
Change in deferred tax asset not recognized	16,833	8,803
Income tax recovery	-	-

The significant components of the Company's deferred income tax assets as at October 31, 2019 and 2018 are as follows:

	2019	**2018**
	$	**$**
Share issuance costs	9,000	-
Non-capital loss carry forward	32,000	8,803
Unrecognized deferred income tax assets	(41,000)	(8,803)
Net deferred tax asset	-	-

The Company has non-capital losses carried forward for income tax purposes of approximately $118,400 which can be applied against future years' taxable income. Their expiry dates range from 2037 to 2039. Future tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements.

(Expressed in Canadian Dollars)

	$
2037	1,300
2038	44,600
2039	72,500
	118,400

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.

10. SUBSEQUENT EVENTS

The Company entered into a non-binding letter of intent ("LOI") on December 6, 2019 respecting the proposed acquisition by Ironwood of 1Five2 Tech Solutions Ltd ("152 Tech") (the "Transaction"). The Transaction is intended to qualify as Ironwood's Qualifying Transaction. The transaction is expected to proceed by way of a "three-cornered amalgamation" under which a wholly-owned subsidiary of Ironwood will amalgamate with 152 Tech. Under the Transaction, shareholders of 152 Tech will receive an aggregate of 30,200,000 common shares of Ironwood at a deemed price of $0.25 per share, representing aggregate consideration of $7,550,000 for their 152 Tech shares.

The completion of the Transaction is subject to the approval of the TSXV and all other necessary regulatory approvals.

Prior to or concurrently with the closing of the Transaction, Ironwood intends to complete a private placement to raise gross proceeds of no less than $1,500,000 through the issuance of units (each, a "Unit") at a price of $0.25 per Unit, with each Unit comprised of one common share and one-half of one common share purchase warrant. Each whole warrant will be exercisable for an Ironwood common share at an exercise price of $0.50 for two years from the date of issuance. The Company may pay finder's or broker's fees and may issue finder's or broker's warrants in connection with the private placement.

In conjunction with the execution of the LOI, Ironwood has provided 152 Tech with a loan in the amount of $25,000 and was required to ensure preservation of 152 Tech's assets. The loan is unsecured, bears interests at 6% per year, compounded monthly, and is repayable on the earlier of: (a) December 4, 2020; and (b) the date which is 90 days after the date on which the LOI is terminated for any reason other than the execution of the definitive agreement.

Ironwood also provided a line of credit loan (the "Secured Loan") of up to $225,000 to 152 Tech. The Secured Loan will be secured against all of the assets of 152 Tech. The Secured Loan bears interests at 6% per year, compounded monthly; and is repayable on the earlier of: (a) December 4, 2020; and (b) the date which is 90 days after the date on which the LOI is terminated for any reason other than the execution of the definitive agreement.

In conjunction with the closing of the Transaction, Ironwood will change its name to "152 Tech Solutions Ltd.", or such similar name as is agreed to by the parties.