10557536 CANADA CORP.

Annual Audited Financial Statements

As at and for the period from December 27, 2017 (date of incorporation) to December 31, 2018

(Stated in $CAD)

SDVC LLP ASSURANCE | ACCOUNTING | TAX
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
10557536 Canada Corp.

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of 10557536 Canada Corp. (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of net loss and comprehensive loss, statement of changes in equity and statement of cash flows for the period from December 27, 2017 (date of incorporation) to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and its financial performance and its cash flows for the period from December 27, 2017 (date of incorporation) to December 31, 2018, 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern
We draw your attention to Note 1 in the financial statements, which indicates that the Company incurred a comprehensive loss of $46,523 during the period ended December 31, 2018. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises the management's discussion and analysis, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

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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, 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 relating 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

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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 Pat Kenney.

SDVC LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
April 29, 2019

10557536 CANADA CORP.

Statement of Financial Position

As at December 31, 2018

(Stated in $CAD)

As at		**December 31, 2018**
ASSETS		
Current:		
Cash	$	**2,424**
Accounts receivable (Note 10)		**5,180**
Total current assets		**7,604**
Long term:		
My Wine Canada Inc. LOI (Note 5)		**1**
	$	**7,605**
LIABILITIES		
Current:		
Subscription receipts payable (Note 6)		**5,000**
Accounts payable and accrued liabilities (Note 11)		**21,267**
Loan payable (Note 12)	$	**27,860**
		54,127
SHAREHOLDERS' DEFICIENCY		
Common shares (Note 6)		**1**
Accumulated deficit	$	**(46,523)**
		(46,522)
	$	**7,605**

Going concern (Note 1(b))
Commitments and contractual obligations (Note 13)
Subsequent events (Note 15)

The accompanying notes form an integral part of these annual financial statements

Approved on behalf of the Board:

"Stephen Coates" Director

10557536 CANADA CORP.

Statement of Net Loss and Comprehensive Loss

Period from December 27, 2017 (date of incorporation) to December 31, 2018

(Stated in $CAD)

		Period from December 27, 2017 to December 31, 2018
Expenses		
Management fees (Note 12)	$	28,750
Professional fees		11,803
Regulatory expenses		5,398
Office and general		212
Total administrative expenses	$	**46,163**
Interest (Note 12)	$	**360**
Net loss and comprehensive loss	$	**46,523**
Basic and diluted loss per share (Note 7)	$	**0.025**

The accompanying notes form an integral part of these annual financial statements

10557536 CANADA CORP.

Statement of Changes in Equity

Period from December 27, 2017 (date of incorporation) to December 31, 2018

(Stated in $CAD)

	Note	Common shares		Accumulated deficit	Total
		No. of shares	Amount		
			$	$	$
As at December 27, 2017		-	-	-	-
Plan of Arrangement re: My Wine Canada LOI	6(b)	2,500,000	1		1
Issued on incorporation	6.2(a)	1	1	-	1
Cancellation of initial incorporation share	6.2(a)	(1)	(1)	-	(1)
Net loss for period				(46,523)	(46,523)
As at December 31, 2018		**2,500,000**	**1**	**(46,523)**	**(46,522)**

The accompanying notes form an integral part of these annual financial statements

10557536 CANADA CORP.

Statement of Cash Flows

Period from December 27, 2017 (date of incorporation) to December 31, 2018

(Stated in $CAD)

		Period from December 27, 2017 to December 31, 2018
Operating activities		
Net loss for period	$	**(46,523)**
Adjustment to reconcile net loss to cash flow from operating activities:		
Interest expense (Note 12)		**360**
Change in non-cash working capital items		
Accounts receivable (Note 10)		**(5,180)**
Accounts payable and accrued liabilities(Note 11)		**21,267**
Cash used for operations	$	**(30,076)**
Financing activities		
Subscription receipts payable (Note 6)		**5,000**
Loan payable (Note 12)		**27,500**
Cash provided from financing activities	$	**32,500**
Increase in cash	$	**2,424**
Cash, beginning of period		**-**
Cash, end of period	$	**2,424**
Non-cash transaction		
Common shares issued under Plan of Arrangement (Note 5)	$	**1**

The accompanying notes form an integral part of these annual financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

(a) Nature of operations

10557536 Canada Corp. (the "Company" or "10557536") was incorporated on December 27, 2017 under the Canada Business Corporations Act with its head office located at 401 Bay Street, Suite #2702, Toronto, Ontario, Canada, M5H 2Y4. The Company, as a reporting issuer in the provinces of British Columbia, Alberta and Manitoba, is subject to the rules and regulations of the relative provincial securities commissions, but its shares do not trade on any stock exchange.

The Company has no current active business operations and its principal purpose is the identification and evaluation of assets or businesses for the purpose of completing a transaction ("Qualifying Transaction") such that the Company's shares can be approved for listing and trading on a recognized Canadian stock exchange. Where a Qualifying Transaction is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Company will be able to complete a Qualifying Transaction or that it will be able to secure the necessary financing to complete a Qualifying Transaction.

Under the terms of a Plan of Arrangement approved by the Ontario Superior Court of Justice on March 26, 2018, the Company acquired substantially all the rights and interests in a Letter of Intent ("LOI") between Telferscot Resources Inc. ("Telferscot") and My Wine Canada Inc. ("MWC") *(see Note 5)*. As consideration for acquisition of this LOI, 10557536 issued 2,500,000 common shares to Telferscot, which were then distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot.

(b) Going concern

The accompanying annual financial statements ("Financial Statements") have been prepared using International Financial Reporting Standards applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. It would, in this situation, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

1. **NATURE OF OPERATIONS AND GOING CONCERN, CONTINUED**

As at December 31, 2018, the Company has no source of operating cash flow and had an accumulated deficit of $46,523. Net comprehensive loss for the period from December 27, 2017 (date of incorporation) to December 31, 2018 was $46,523. The Company also had a working capital deficiency of $46,523 as at December 31, 2018. These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern.

These financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern, namely its ability to generate sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period, is dependent upon its ability to arrange future financing, which is largely dependent upon prevailing capital market conditions, the completion of an anticipated private placement after the end of the reporting period, continued support of its shareholder base and completion of a Qualifying Transaction. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

2. **SIGNIFICANT ACCOUNTING POLICIES**

(a) **Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee.

The policies applied in these financial statements are based on the IFRS issued and outstanding as of April 29, 2019, the date the Board of Directors approved the financial statements.

(b) **Basis of measurement**

The financial statements have been prepared on a historical cost basis, with the exception of certain financial assets and liabilities which are measured at fair-value, as explained in the accounting policies.

(c) **Functional and presentation currency**

The financial statements are presented in Canadian dollars, which is also the functional currency of the corporate offices located in Canada.

(d) **Cash**

Cash consists of deposits held with banks.

(e) **Accounts receivable**

Accounts receivable consist primarily of recoverable HST ITCs.

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(f) **Accounts payable and accrued liabilities**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period end. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(g) **Share capital**

Common shares issued in exchange for goods and services are recorded at an amount based on the fair market value of the common shares just prior to the date of issuance. Common shares issued in private placements, in conjunction with common share purchase warrants, are recorded using the residual method, whereby the proceeds of the private placement are allocated first to the common shares at the lesser of the common share's fair value and the gross proceeds of the private placement, with any residual amounts then being allocated to the common share purchase warrants. Share issuance expenses are applied against share capital.

(h) **Share-based payments**

The fair value of any share-based payment granted to directors, officers, employees and consultants is recorded over the vesting period of the award as an expense or a component of exploration and evaluation assets or property, plant and equipment based on the nature of the services for which it was awarded with a corresponding increase recorded to contributed surplus. Share-based payments for directors, officers and employees are valued at the grant date whereas consultants' share-based payments are valued as the goods and services are received from the recipient. If the fair value of the goods and services received cannot be estimated reliably the Black-Scholes pricing model is used. Fair value of stock options for directors, officers and employees is determined using the Black-Scholes option pricing model utilizing management's assumptions as described in Note 6. Fair value of share-based payments for consultants is determined based on the fair value of the goods and services received and requires management to make estimates of the value of the goods and services received. Upon exercise of a share option, consideration paid by the share option together with the amount previously recognized in reserve for share-based payments is recorded as an increase to share capital.

(i) **Income taxes**

The Company follows the asset and liability method of accounting for income taxes. Income tax is recognized in profit or loss except to the extent it relates to items recognized in equity, in which case the income tax is also recognized in equity. Current tax assets and liabilities are recognized at the amount expected to be paid or received from tax authorities using rates enacted or substantively enacted at the date of the statement of financial position. Deferred tax assets and liabilities are recognized at the tax rates enacted or substantively enacted at the date of the statement of financial position for the years that an asset is expected to be realized or a liability is expected to be settled. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be generated and available for the asset to be utilized against.

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(j) **Loss per share**

Basic loss per share amounts are calculated by dividing net loss for the reporting period attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted loss per share amounts are calculated by dividing the net earnings attributable to common shareholders by the weighted average number of shares outstanding during the reporting period plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares. Diluted loss per share amounts are not presented if anti-dilutive.

(k) **Critical accounting estimates and judgements**

The preparation of these financial statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, revenues and other items in net earnings, and the related disclosure of contingent assets and liabilities, if any. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and other items in net earnings that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statement are discussed below:

Going concern

The assessment of the Company’s ability to continue as a going concern involves judgement regarding future funding available for its planned RTO and working capital requirements.

Use of estimates

The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows. Significant estimates include the valuation of share options using the Black-Scholes pricing model conditions and the fair value of the common shares issued pursuant to the Plan of Arrangement (see Note 5).

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(l) **Financial instruments**

Recognition

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. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measure at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost;
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
- FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Classification and Measurement, CONTINUED

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial assets consist of cash, which is classified and subsequently measured at amortized cost. The Company's financial liabilities consist of accounts payable and accrued liabilities, subscription receipts payable and loan payable, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in profit or loss.

Fair value

The determination of the fair value of financial assets and liabilities, for which there is no observable market price, requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective as such it requires varying degrees of judgment. The use of judgment in valuing financial instruments includes assessing qualitative factors such on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the particular instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs derived either directly or indirectly from market prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted market prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Effective interest method

The effective interest method calculates the amortized cost of a financial instrument asset or liability and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or liability, or where appropriate, a shorter period. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

3. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

(a) **IAS 7 "Statement of Cash Flow"** has been revised to incorporate amendments issued by the IASB in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. The new amendments were adopted by the Company upon incorporation and have not had a significant impact on these financial statements.

(b) **IAS 12 "Income Taxes"** was amended by the IASB in January 2016 to clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments are effective for annual periods beginning on or after January 1, 2017. The new amendments were adopted by the Company upon incorporation and have not had a significant impact on these financial statements.

(c) **IFRS 9: "Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities"** was issued by the IASB in July 2014 and will replace IAS 39 "Financial Instruments: Recognition and Measurement". In addition, IFRS 7 "Financial Instruments: Disclosures" was amended to include additional disclosure requirements on transition to IFRS 9. The mandatory effective date of applying these standards is for annual periods beginning on or after January 1, 2018. The standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. The standard requires that for financial liabilities measured at fair value, any changes in an entity's own credit risk are generally to be presented in other comprehensive income instead of net earnings. A new hedge accounting model is included in the standard, as well as increased disclosure requirements about risk management activities for entities that apply hedge accounting. The new amendments were adopted by the Company upon incorporation and have not had a significant impact on these financial statements.

4. **ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

As at the date of authorization of these financial statements, the IASB has issued the following revised standards which are not yet effective:

(a) **IFRS 16 "Leases"** was issued by the IASB in January 2016 and will ultimately replace IAS 17, "Leases" and related interpretations. The new standard will be effective for fiscal years beginning on or after January 1, 2019, with early adoption permitted provided the Company has adopted IFRS 15, Revenue from Contracts with Customers. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all leases contracts, and record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria. If the Company has significant contractual obligations in the form of operating leases under IAS 17, there will be a material increase to both assets and liabilities on adoption of IFRS 16, and material changes to the timing of recognition of expenses associated with the lease arrangements. The Company is analyzing the new standard to determine the impact of adopting this standard.

5. **MY WINE CANADA INC.**

Under the terms of a Plan of Arrangement approved by the Ontario Superior Court of Justice on March 26, 2018 *(see Note 1(a)),* the Company acquired substantially all the rights and interests in a Letter of Intent ("LOI") between Telferscot and MWC, and accordingly would assume the position of Telferscot with respect to the LOI. As consideration for its acquisition, 10557536 issued 2,500,000 common shares to Telferscot, which were then distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot *(see Note 6(b))*. The LOI has been assigned a nominal value of $1.

	December 31 2018
My Wine Canada Inc. LOI	$ 1

Telferscot has an agreement with MWC to develop a consumer facing web portal for online sales of Canadian wine and spirits direct from Canadian producers to Canadian consumers. MWC is looking for a joint-venture partner to fund the development and deployment of a new site for the regulated sales of cannabis in Canada.

6. **SHARE CAPITAL**

1) Authorized

The Company is authorized to issue an unlimited number of common shares and an unlimited number of first preferred shares issuable in series by the directors. The common shares are without nominal or par value and may carry rights, privileges, priorities, limitations, conditions and restrictions according to the class their issued at including receiving dividends and voting rights.

The First Preferred Shares shall be entitled to preference over the common shares of the Company and over any other shares of the Company ranking junior to the First Preferred Shares with respect to payment of dividends and return of capital and in the distribution of assets in the event of liquidation, dissolution or wind-up of the Company.

2) Issued and outstanding

Continuity schedules for the Company's share capital and other equity instruments are disclosed in the statements of changes in equity for the period from December 27, 2017 (date of incorporation) to December 31, 2018. The equity transactions in this period are detailed below:

(a) The Company was incorporated on December 27, 2017 for nominal share capital of $1. The initial common share issued to the incorporator has been cancelled.

(b) As a result of the court approval of the Plan of Arrangement on March 26, 2018 *(see Note 1(a))*, 10557536 issued 2,500,000 common shares to Telferscot as consideration for the acquisition of the LOI with MWC *(see Note 5)*. These common shares were issued on April 5, 2018, and in turn, distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot on April 12, 2018.

(c) The Company began receiving subscriptions under a non-brokered "seed capital" private placement. To December 31, 2018, $5,000 had been received. The associated financing had not closed at December 31, 2018 and accordingly the subscription proceeds have been presented as a current liability in the statement of financial position.

6. **SHARE CAPITAL - CONTINUED**

3) Share-based payments

The Company has a stock option plan pursuant to which options to purchase common shares may be granted to executive officers, directors, employees and consultants. The plan allows for the issuance of up to 10% of the issued and outstanding common shares. As at December 31, 2018, the Company has not issued any options under the plan and had 250,000 options available for issuance under the stock option plan.

Additionally, the Company issued 1,000,000 stock options to contractors outside the Company's stock option plan noted above. The options carry an exercise price of $0.05 per share for a period of up to 36 months from the issuance date of July 5, 2018. The options shall be subject to a vesting period where of 50% of the options will vest on or after July 15, 2018 and the remaining 50% will 6 months after the first vesting date. Both vesting provisions are subject to the completion of a binding or definitive agreement for an acquisition or transaction that will qualify the Company to seek a public listing on a recognized exchange – which has not yet been achieved. The fair value of the options was estimated on the date of grant using the Black-Scholes model at $2,600 but has not been recognized as an expense on the basis the vesting conditions were not achieved.

A continuity of the outstanding options to purchase common shares is as follows:

	Weighted average exercise price $	**Number of options**
Outstanding at beginning of year	-	-
Transactions during the period:		
Granted	0.05	1,000,000
Expired	-	-
Forfeited	-	-
Outstanding at end of period	0.05	1,000,000

6. **SHARE CAPITAL**

The following table provides additional information about outstanding stock options as at December 31, 2018:

Expiry date	Number exercisable	Number outstanding	Weighted average exercise price $	Weighted average years remaining	Fair value $
July 5, 2021	-	1,000,000	0.05	2.51	2,600
	-	1,000,000	0.05	2.51	2,600

The fair value of stock options was estimated on the date of grant using the Black-Scholes model. The following assumptions were used:

		Options issued in 2018 $
Number of options issued		1,000,000
Weighted average information:		
Stock price	$	0.005
Exercise price	$	0.050
Expected life (years)		3
Expected volatility		150%
Discount rate		2.14%
Vesting		Nil
Expected dividends		Nil
Fair value (total)	$	2,600
Fair value (this period)	$	-

7. LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

		Period from December 27, 2017 to December 31, 2018
Numerator:		
Loss for the period	$	46,523
Denominator:		
Weighted average number of common shares		1,897,019
Basic and diluted loss per share	$	**0.025**

As at December 31, 2018, the following potentially dilutive equity instruments were outstanding: 1,000,000 stock options. The outstanding stock options were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

8. FINANCIAL RISK FACTORS

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, subscription receipts payable and loan payable. These amounts are recognized initially at fair value and subsequently measured at amortized cost. The fair value of these amounts approximates their carrying value due to their demand or short-term nature.

The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

a. **Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable, which consists of refundable HST ITCs. As at December 31, 2018, the Company had a cash balance of $2,424 which was held with reputable financial institutions from which management believes the risk of loss to be minimal.

8. **FINANCIAL RISK FACTORS, continued**

b. **Liquidity risk**

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost *(see Note 1(b))*. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had a working capital deficiency of $46,522. All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

9. **CAPITAL MANAGEMENT**

The Company's objective when managing capital is to maintain adequate levels of funding to maintain head office corporate and administrative functions. The Company considers its capital to be its shareholders' equity. The Company manages its capital structure in an effort to provide sufficient funding for its development projects. Funds are primarily secured through equity capital raised by way of private placements and exercise of warrants and/or stock options.

There can be no assurances that the Company will be able to continue raising equity capital in this manner. The Company's Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

10. **ACCOUNTS RECEIVABLE**

The Company's accounts receivable consist of harmonized services tax (“HST”) recoverable from the Canadian government taxation authorities. At December 31, 2018 HST receivable amounted to $5,180.

11. **ACCOUNTS PAYABLE AND ACCRUED LIABILTIES**

The Company's accounts payable and accrued liabilities are principally comprised of amounts outstanding for trade purchases relating to operating and financing activities.

The following is an analysis of the trade payables and accrued liabilities balances as at December 31, 2018:

	$
Management fees	**8,238**
Professional fees	**9,029**
Accrued liability	**4,000**
Accounts payable and accrued liabilities	**21,267**

12. RELATED PARTY TRANSACTION

The Company is billed a monthly fee of $2,000 (plus applicable HST) by a company controlled by a director for management and administrative services, including the corporate secretary, the services of the CFO, office rent and regular administrative functions. The fees were increased to $2,750 per month as of August 1, 2018. During the period from December 27, 2017 to December 31, 2018, the Company incurred total fees of $28,750.

Additionally, on July 5, 2018, the Company issued an aggregate of 1,000,000 stock options to the same company as part of their compensation. The options are exercisable at $0.05 each for a period of up to 3 years from the date of issuance and are vested in two tranches during the first 12 months. The total fair value of the options was estimated to be $2,600 but none of the options had vested as at December 31, 2018 and thus the fair value has not been recognized as an expense in the period ended December 31, 2018.

In June 2018, the Company was provided a loan from Bolingbroke Investments Inc. ("BII"), a company controlled by a director and officer in the amount of $15,000. BII advanced further funds in July and September which stands at $27,500 as at December 31, 2018. The loan is due on demand, unsecured and bears interest at 3% per annum. During the period from December 27, 2017 to December 31, 2018, accrued interest on the loan amounted to $360, with such amount included in the statements of net loss and comprehensive loss.

As at December 31, 2018, accounts payable and accrued liabilities include $8,238 in respect of management fees and reimbursable regulatory expenses due to related parties.

13. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company signed a consulting contract, on July 1, 2018, with a company controlled by a director and officer to provide capital market advice including financing management and to assist in the process of successful public listing. The duration of this contract is guaranteed for an initial term of 6 months and will continue on a monthly basis thereafter until such time as this contract is terminated. Following the initial 6 months term, of which services are provided at no cost to the Company, a monthly consulting fee in the amount of five thousand Canadian Dollars will apply. The Company will also pay a finders' fee of up to 5% of funds raised for the company. The consultant will be entitled to receive stock options on common shares of the Company subject to the approval of the Board of Directors.

14. **INCOME TAXES**

Income tax expense

The following table reconciles the amount of reported income taxes in the statement of comprehensive loss with income taxes calculated at statutory income tax rates of 13.50%. The statutory income tax rate is the combined Canadian rates applicable in the jurisdictions in which the Company does business. The tax rate for deferred income taxes is 26.5%.

	December 31, 2018
	$
Loss before income taxes	**(46,523)**
Applicable tax rates	**13.50%**
Expected tax recovery computed at applicable tax rates	**(6,281)**
Differences in current and deferred tax rates	**(6,019)**
Change in deferred tax asset not recognized	**12,300**
Income tax expense (recovery)	**-**

Deferred income taxes

The primary differences that give rise to the deferred income tax balances December 31, 2018 are as follows:

	December 31, 2018
	$
Non-capital loss carry forwards	**12,300**
Less: valuation allowance	**(12,300)**
Total unrecognized deferred tax assets	**-**

At December 31, 2018, the Company had recorded a 100% valuation allowance against its deferred income balances due to the uncertainty surrounding their realization.

Tax loss carry forward balances

At December 31, 2018, the Company has non-capital losses, available to offset future taxable income for income tax purposes, of $46,523, which expire in 2038.

15. **SUBSEQUENT EVENTS**

1) On January 29, 2019, the Company closed a non-brokered private placement offering of 250,000 units of the Company priced at $0.10 per unit for aggregate gross proceeds of $25,000. Each unit issued by the Company entitles the holder thereof to receive one Common Share of the Company and one-half Common Share purchase warrant. Each full warrant entitles the holder to purchase one Common Share of the Company at a price of $0.25 for 12 months from the date of closing.

2) In January 2019 and pursuant to the LOI with Wine Canada Inc., the Company advanced $18,267 to Wine Canada towards the development of a consumer facing web portal for online sales of Canadian wine and spirits direct from Canadian producers.