10557536 CANADA CORP.

Annual Audited Financial Statements

As at and for the years ended

December 31, 2020 and 2019

(Stated in $CAD)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Xigem Technologies Corporation (formerly 10557536 Canada Corp.)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Xigem Technologies Corporation (formerly 10557536 Canada Corp.) (the Company), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of net loss and comprehensive loss, statements of cash flows and statements of changes in equity for the years then ended, 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, 2020 and 2019, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with 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 $91,646 during the year ended December 31, 2020. 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 annual 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 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
April 29, 2021

10557536 CANADA CORP.

Statement of Financial Position

(Stated in $CAD)

As at		Dec 31, 2020		Dec 31, 2019
ASSETS				
Current:				
Cash	$	**413**	$	317
Harmonized sales tax recoverable		**5,546**		5,400
		5,959		5,717
Long term:				
My Wine Canada Inc. LOI (Note 4)		**-**		1
Xigem Technologies Corp. LOI (Note 5, 14)		1		-
	$	**5,960**	$	5,718
LIABILITIES				
Current:				
Accounts payable and accrued liabilities	$	**117,571**	$	72,467
Subscription receipts (Note 6)		**5,000**		5,000
Due to related parties (Note 10)		**7,417**		30,185
		129,988		107,652
SHAREHOLDERS' DEFICIENCY				
Common shares (Note 6)		**55,153**		20,688
Share based payments (Note 6)		**32,200**		-
Reserve for warrants (Note 6)		**7,200**		4,313
Accumulated deficit	$	**(218,581)**	$	(126,935)
		(124,028)		(101,934)
	$	**5,960**	$	5,718

Going concern (Note 1)
Commitments and contractual obligations (Note 11)
Subsequent events (Note 14)

Approved on behalf of the Board:

"Brian Kalish" Director

10557536 CANADA CORP.

Statements of Net Loss and Comprehensive Loss

(Stated in $CAD)

		Year ended	
		Dec 31, 2020	Dec 31, 2019
Expenses			
Share based payments	$	**35,087**	-
Corporate advisory fees (Note 10)		**15,000**	-
Research (Note 4)		**13,655**	37,021
Regulatory		**11,801**	5,408
Management fees (Note 10)		**11,000**	33,000
Professional fees		**4,647**	4,096
Office and general		**456**	888
	$	**91,646**	80,413
Net loss and comprehensive loss	$	**91,646**	80,413
Basic and diluted loss per share (Note 7) **(i)**	$	**0.015**	0.018

(i) Adjusted for 1:1.6453 share split effective March 5, 2021 (*note 14*)

10557536 CANADA CORP.

Statements of Changes in Equity
(Stated in $CAD)

	Note	Common shares		Warrants	Options	Accumulated deficit	Total
		No. of shares	Amount				
			$	$	$	$	$
As at December 31, 2018		**4,113,243**	**1**	**-**	**-**	**(46,522)**	**(46,522)**
Issuance of common shares	6.2(a)	411,325	20,687	4,313	-	-	25,000
Net loss and comprehensive loss for year			-	-	-	(80,413)	(80,413)
As at December 31, 2019		**4,524,568**	**20,688**	**4,313**	**-**	**(126,935)**	**(101,935)**
Issuance of common shares for debt settlement	6.2(c)	2,835,276	34,466	-	-	-	34,466
Share based payments	6.3-4	-	-	2,887	32,200	-	35,087
Net loss and comprehensive loss for year		-	-	-	-	(91,646)	(91,646)
As at December 31, 2020		**7,359,845**	**55,154**	**7,200**	**32,200**	**(218,581)**	**(124,028)**

10557536 CANADA CORP.

Statements of Cash Flows

(Stated in $CAD)

		Year ended		
		Dec 31, 2020		Dec 31, 2019
Operating activities				
Net loss for period	$	**(91,646)**	$	(80,412)
Adjustment to reconcile net loss to cash flow from operating activities:				
Share-based payments (Note 6)		**35,087**		**-**
Interest expense (Note 10)		**411**		815
Change in non-cash working capital items				
Harmonized sales tax recoverable		**(146)**		(210)
Accounts payable and accrued liabilities		**50,473**		51,200
	$	**(5,821)**	$	(28,607)
Financing activities				
Issuance of common shares	$	**-**	$	25,000
Related party loans (Note 10)		**5,917**		1,500
	$	**5,917**	$	26,500
Increase (decrease) in cash	$	**96**	$	(2,107)
Cash, beginning of year		**317**		2,424
Cash, end of year	$	**413**	$	317
Non-cash transaction				
Issuance of common shares for debt (Note 10)	$	**34,466**	$	-

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 #2100, 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 4)*. As consideration for acquisition of this LOI, 10557536 issued 2,499,996 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 Audited 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 (CONT'D)

As at December 31, 2020, the Company has no source of operating cash flow and had an accumulated deficit of $218,581 (December 31, 2019 - $126,935). Net comprehensive loss for the year ended December 31, 2020 was $91,646 (2019 - $80,413). The Company also had a working capital deficiency of $124,028 as at December 31, 2020 (December 31, 2019 - $101,934). These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern.

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, 2021, 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 Company, with corporate offices located in Canada.

(d) Cash

Cash consists of deposits held with banks.

(e) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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.

(g) 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 4. 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. For those share-based payments that expire or are forfeited after vesting, the recorded value is transferred to deficit.

(h) 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 is accounted for using the liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Income taxes

A deferred tax liability is recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred income tax asset is recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and losses can be utilized, except where the deferred income tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws enacted or substantively enacted at the statement of financial position date. Deferred tax assets and liabilities are offset 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.

(i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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 *(see note 5)* 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.

(k) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial instruments (cont'd)

A write-off of a financial asset (or a portion thereof) constitutes a de-recognition 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial instruments (cont'd)

Classification and measurement (cont'd)

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 due to related parties' 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 (CONT'D)

(k) Financial instruments (cont'd)

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 AND ISSUED ACCOUNTING PRONOUNCEMENTS

(a) **IFRS 3;** In October 2018, the IASB issued amendments to IFRS 3 "Definition of a Business" The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The new amendments have been adopted by the Company and have not had a significant impact on these Financial Statements.

(b) **IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted. The new amendments have been adopted by the Company and have not had a significant impact on these Financial Statements.

4. MY WINE CANADA INC.

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 and My Wine Canada ("MWC"), and accordingly would assume the position of Telferscot with respect to the LOI. As consideration for its acquisition, 10557536 issued 2,499,996 common shares to Telferscot, which were then distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot. The LOI has been assigned a nominal value of $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 to be known as QuickLeaf.

On October 9, 2018, the Company agreed to provide up to $75,000 in funding to My Wine Canada which will made available in stages. As of December 31, 2020, and pursuant to the LOI with Wine Canada Inc., the Company has advanced aggregate of $50,676 (December 31, 2019 - $37,021) to MWC towards the development of a consumer facing web portal for online sales of Canadian wine and spirits direct from Canadian producers. The advanced funding was recorded as a research expense.

On September 22, 2020, the Company signed another LOI with Xigem Technologies Corp. *(see note 5)* and informed MWC that the Company is withdrawing from the LOI and will not continue with the MWC project.

5. XIGEM TECHNOLOGIES CORP.

On September 22, 2020, the Company announced that it has entered into a non-binding Letter of Intent with Xigem Technologies Corp. ("Xigem"), a technology company exploiting opportunities emerging from the increasing remote economy. The Letter of Intent outlines the proposed terms and conditions pursuant to which the Company and Xigem will effect a business combination that will result in a reverse takeover of the Company by the securityholders of Xigem (the "Transaction") *(see note 14)*.

On November 17, 2020, the Company and Xigem entered into a business combination agreement. A copy of the business combination agreement is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. The business combination agreement incorporates principal terms of the Transaction (as specified by the non-binding letter of intent) and provides the basis upon which the Company and Xigem effect the Transaction in compliance with the Exchange's requirements.

6. SHARE CAPITAL

(a) 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.

(b) 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 January 1, 2019 to December 31, 2020. The equity transactions in these years are detailed below:

a) On January 22, 2019, the Company closed a non-brokered private placement offering of 411,325 units of the Company priced at $0.06 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 $0.15 for 12 months from the date of closing. The warrants were issued for a period of one year and later extended for another one-year period until January 22, 2021.

b) The Company began receiving subscriptions under a non-brokered "seed capital" private placement. As at December 31, 2020, $5,000 had been received. The associated financing had not closed at December 31, 2020 and accordingly the subscription proceeds have been presented as a current liability in the statement of financial position *(see note 14)*.

c) On June 30, 2020, the Company executed a common shares for debt transaction in the amount of $34,466, owed to related parties. 2,835,276 shares were issued at a price of $0.012 per share *(see note 10)*.

d) Subsequent to year-end, on March 5, 2021 the Company split all of its issued and outstanding common shares based on a ratio of approximately 1.6453 post-split common share for every one pre-split, resulting in 7,359,845 post-split Common shares *(see note 14)*.

6. SHARE CAPITAL (CONT'D)

(c) Warrants

A summary of warrant activity is as follows:

	No. of warrants	Weighted average exercise price
		$
Balance, December 27, 2017 and December 31, 2018	-	-
Issued	205,663	0.15
Balance, December 31, 2020 and 2019	**205,663**	**0.15**

The outstanding issued warrants balance at December 31, 2020, is comprised of the following:

Date of expiry	Type	Number	Weighted average exercise price	Weighted average years remaining	Fair value
			$	Years	$
January 22, 2021	Warrant	205,663	$ 0.15	0.06	7,200

In January 2020, the Company renewed the expiry date of 205,663 share purchase warrants issued on January 22, 2019, which had expired on January 22, 2020, by a further one-year term to January 22, 2021.

On September 20, 2020 the Issuer agreed to issue 3,290,600 Issuer Warrants, exercisable at $0.015 per Issuer Share, for a period of up to 36 months to GCS (collectively the "Issuer Warrants"). These Issuer Warrants vested on the execution of the Business Combination Agreement.

The fair value of the warrant extension of $2,887 has been recognized as an expense in statement of loss and comprehensive loss.

Subsequent to year-end, on January 20, 2021 the Company renewed the expiry date of warrants to January 22, 2022.

6. SHARE CAPITAL (CONT'D)

(c) Warrants (cont'd)

The fair value of warrants was estimated on the date of issuance using the Black-Scholes model:

Warrants extended on		**January 22, 2020**
Number of warrants extended		205,663
Weighted average information:		
Stock price	$	0.10
Exercise price	$	0.15
Expected life (years)		0.06
Expected volatility		150%
Discount rate		3.0%
Expected dividends		Nil
Fair value	**$**	**7,200**

(d) 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, 2020, the Company has issued 3,290,600 (December 31, 2019 – 1,645,300) options under the plan.

Additionally, the Company issued 1,645,300 stock options to contractors outside the Company's stock option plan noted above. The options carry an exercise price of $0.03 per share for a period of up to 36 months from the issuance date of July 5, 2018. The fair value of the options was estimated on the date of grant using the Black-Scholes model at $Nil thus has not been recognized as an expense. These options were cancelled in November 2020.

On November 26, 2020, the Company issued 3,290,600 stock options to contractors outside the Company's stock option plan noted above. The options carry an exercise price of $0.006 per share for a period of up to 24 months from the issuance date. The fair value of the options was estimated on the date of grant using the Black-Scholes model at $32,200.

6. SHARE CAPITAL (CONT'D)

(d) Share-based payments (cont'd)

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

	Weighted average exercise price $	Number of options #
Outstanding at December 31 2018 and 2019	0.03	1,645,300
Transactions during the period:		
Granted	0.006	3,290,600
Expired	-	-
Cancelled	0.03	(1,645,300)
Outstanding at December 31, 2020	0.006	3,290,600

The following table provides additional information about outstanding stock options as at December 31, 2020:

Expiry date	Number exercisable	Number outstanding	Weighted average exercise price $	Weighted average years remaining	Fair value $
November 26, 2022	3,290,600	3,290,600	0.006	1.90	32,200

6. SHARE CAPITAL (CONT'D)

(d) Share-based payments (cont'd)

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 2020
		$
Number of options issued		3,290,600
Weighted average information:		
Stock price	$	0.010
Exercise price	$	0.006
Expected life (years)		2
Expected volatility		150%
Discount rate		2.13%
Vesting		Nil
Expected dividends		Nil
Fair value (total)	$	32,200
Fair value (this period)	$	32,200

7. LOSS PER SHARE

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

			Year ended	
			Dec 31, 2020	**Dec 31, 2019**
Numerator:				
Loss for the period		$	91,646	80,413
Denominator:				
Weighted average number of common shares			5,953,858	4,499,306
Basic and diluted loss per share	**(i)**	$	**0.015**	**0.018**

(i) Adjusted for 1:1.6453 share split effective March 5, 2021 (*note 14*)

7. LOSS PER SHARE (CONT'D)

Basic and diluted loss per share disclosures have been changed to reflect the retroactive treatment of the stock split. The originally reported weighted average number of shares outstanding has been changed from 2,734,928 to 4,499,306. This changed the basic and diluted loss per share disclosure for the year ended December 31, 2019 from 0.029 per share to 0.018 per share.

As at December 31, 2020, the following potentially dilutive equity instruments were outstanding: 3,290,600 stock options (December 31, 2019 – 1,645,300) and 205,663 share purchase warrants (December 31, 2019 – 205,663). The outstanding share-based instruments 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.

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 harmonized sales tax recoverable. As at December 31, 2020, the Company had a cash balance of $413 (December 31, 2019 - $317), which was held with reputable financial institutions from which management believes the risk of loss to be minimal.

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)*. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. 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.

9. CAPITAL MANAGEMENT (CONT'D)

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 *(See note 14)*.

10. RELATED PARTY TRANSACTIONS

The Company is billed a monthly fee of $2,750 (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. In March 2020, Grove Corporate Services Ltd. agreed to waive all management and accounting fees during the COVID-19 pandemic as of March 1, 2020 and for a maximum period of eight months *(See note 13)*. During the year ended December 31, 2020, the Company incurred total fees of $11,000 (2019 - $33,000).

During the year ended December 31, 2020, the Company has incurred an aggregate of $15,000 of corporate advisory fees, included in Statement of Net Loss and Comprehensive Loss, from Grove Capital Group Ltd., a company controlled by a director and officer.

On November 26, 2020, the Company issued an aggregate of 3,290,600 stock options to company controlled by a director as part of their compensation *(See note 6)*.

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 2018 which amounted to $27,500 as at June 30, 2020. The loan was due on demand, unsecured and was bearing interest at 3% per annum. During the year ended December 31, 2020, accrued interest on the loan amounted to $411 (2019 - $815), with such amount included in the statements of net loss and comprehensive loss. On June 30, 2020, the Company issued BII 2,393,615 shares at a price of $0.012 for a total amount of $29,096 towards the total loan amount *(See note 6.2(c))*.

In November 2019, the Company was provided a loan from Grove Corporate Services Ltd. ("GCS"), a company controlled by a director and officer in the amount of $1,500 to cover operational expenses. As at December 31, 2020, the loan has amounted to $7,417. The loan is due on demand, unsecured and bears no interest.

Furthermore, the Company issued GCS 441,661 shares at a price of $0.012 for a total amount of $5,369 towards their accrued management fees*(See note 6.2(c))*.

As at December 31, 2020, accounts payable and accrued liabilities include $101,087 (December 31, 2019 - $60,427) in respect of management fees and advisory fees due to related parties.

11. 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 monthly 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. Effective March 1, 2020, the consulting contract was amended to allow the granting of 3,290,600 options to acquire common shares of the Company with an exercise price of $0.006 per share, for a term of 36 months, subject to the successful completion of a listing transaction. An aggregate amount of $15,000 was incurred under this consulting contract during the year ended December 31, 2020 (2019 - $Nil).

12. 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 combined income tax rate of 26.50%.

	December 31, 2020	December 31, 2019
	$	**$**
Loss before income taxes	**(91,646)**	**(80,413)**
Applicable tax rates	**26.50%**	**12.50%**
Expected tax recovery computed at applicable tax rates	**(24,286)**	**(10,052)**
Change in deferred tax asset not recognized	**14,988**	**21,310**
Share based payment expense	**(9,298)**	**-**
Difference in current and deferred tax rates	**-**	**(11,258)**
Income tax recovery	**-**	**-**

12. INCOME TAXES (CONT'D)

Deferred income taxes

The primary differences that give rise to the deferred income tax balances as at December 31, 2020 and December 31, 2019 are as follows:

	December 31, 2020	December 31, 2019
	$	**$**
Opening tax loss	**33,600**	**12,300**
Non-capital loss carry forwards	**14,988**	**21,300**
Less: not recognized	**(48,588)**	**(33,600)**
Total unrecognized deferred tax assets	**-**	**-**

At December 31, 2020, the Company has recorded a deferred tax asset due to the uncertainty surrounding their realization.

Tax loss carry forward balances

At December 31, 2020, the Company has non-capital losses, available to offset future taxable income for income tax purposes, of $184,000, which expire between 2039 and 2040.

13. COVID-19

Since January 2020, the outbreak of the novel strain of coronavirus, specifically identified as 'COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future period.

In March 2020, the Company provided a notice to GCS informing them that the Company will not be able to continue to pay for the management and accounting fees during the COVID-19 pandemic. Subsequently GCS agreed to waive all management and accounting fees as of March 1, 2020 for a period of eight months.

14. SUBSEQUENT EVENTS

Reverse take-over transaction

On September 22, 2020, 10557536 Canada Inc. ("105") entered into a non-binding letter of intent with Xigem. The letter of intent outlines proposed terms and conditions pursuant to which 105 and Xigem effect a business combination that results in a reverse takeover of 105 by the shareholders of Xigem (the "Transaction").

On November 17, 2020, the Company and Xigem entered into a business combination agreement. A copy of the business combination agreement is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. The business combination agreement incorporates principal terms of the Transaction (as specified by the non-binding letter of intent) and provides the basis upon which 105 and Xigem effect the Transaction in compliance with the Exchange's requirements.

In connection with the closing of the Transaction on March 5, 2021, the following key activities occurred:

- 105 split all of its issued and outstanding common shares (the "105 Common Shares") based on a ratio of approximately 1.6453 post-split 105 Common Share for every one pre-split 105 Common Shares ("Share Split"), resulting in 7,359,845 post-split Common shares;
- Xigem and 105's subsidiary amalgamated under the Business Corporations Act (Ontario) (the "Amalgamation" and the resulting amalgamated entity named Xigem Technology Solutions Inc. ("Amalco") became a wholly-owned subsidiary of Resulting Issuer;
- Each Xigem Common Share was cancelled, and the former holders of Xigem Common Shares received one half of one (0.5) Resulting Issuer Common Share for each Xigem Common Share held by them, an aggregate of 66,236,800 Resulting Issuer Common Shares at a price of $0.04 per share were issued on March 3, 2021;
- Other securities of Xigem (including warrants that are exercisable into Xigem Common Shares) were cancelled and the former holders of such securities received one half of one (0.5) Resulting Issuer Warrants for each Xigem warrant;
- A total of 1,250,000 Resulting Issuer Common Shares has been issued to related parties, settling debt in the aggregate amount of $27,637.12; and
- The Resulting Issuer was renamed "Xigem Technologies Corporation.".

The Transaction was subject to a number of conditions including, but not limited to the following:

- the Resulting Issuer on March 15, 2021obtained conditional approval of the Canadian Securities Exchange ("CSE") for the listing on the CSE of the Resulting Issuer Common Shares, as required by CSE policies;
- the issuance of a receipt from the Ontario Securities Commission ("OSC") for the final Prospectus dated February 25, 2021;
- the Resulting Issuer obtained a conditional approval letter from CSE for the transitions; contemplated by the Business Combination Agreement, including the listing on the CSE of the Resulting Issuer's common shares;

14. SUBSEQUENT EVENTS (CONT'D)

Reverse take-over transaction (cont'd)

- 105 held an annual general and special meeting of its shareholders (the "105 Shareholder Meeting"), and prepared a circular dated January 12, 2021 in connection therewith (the "105 Circular") to approve certain matters relating to the Transaction, including the directors to be appointed to the board of the Resulting Issuer upon closing, the Share Split and Name Change; and
- Certain other customary closing conditions.

The Resulting Issuer established a Stock Option Plan that entitles key management personnel, employees, directors, and certain consultants the option to purchase common shares of Xigem Technologies Corporation. The plan allows for the issuance of up to 10% of the issued and outstanding common shares. On March 19, 2021, the Resulting Issuer granted 3,925,000 incentive stock options pursuant to its Stock Option Plan. Each Option entitles the holder to purchase one common share of the Xigem Technologies Corporation at an exercise price of $0.29 for a period of five years from the date of grant and was vested immediately.

On March 15, 2021 the Resulting Issuer started trading its common shares on the Canadian Securities Exchange under the ticker symbol XIGM.

The Resulting Issuer seeks to become a leading technology platform for the remote economy by providing a comprehensive cloud-computing solution for business operators through virtual work environments.

FluBusters Inc.

On March 25, 2021, the Resulting Issuer entered into a Letter of Intent (the "LOI") with FluBustersTM Inc. ("FluBusters"). The Resulting Issuer will work with FluBusters to help manage inbound customer inquiries, match them to available personnel, track the availability of teams and equipment, and optimize deployments. The Resulting Issuer will license the iAgent platform to FluBusters for a recurring monthly licensing fee.

Shipit.to

On April 20, 2021, the Resulting Issuer and Israel-based Alperton Ltd., doing business as Shipit.to ("Shipit.to"), entered into a "LOI" for the Resulting Issuer to acquire a 21% interest in Shipit.to for US$1.1 million.

Debt settlement transaction

On April 14, 2021 the Resulting Issuer entered into debt settlement agreements with three arm's length creditors whereby the Resulting Issuer will settle outstanding payables totalling $76,000 through the issuance of 361,904 common shares of the Resulting Issuer (each a "Share") at a deemed price of $0.21 per Share (the "Debt Settlement").