DFT DIMENSION FIVE TECHNOLOGIES INC

Financial Statements

May 31, 2020 and 2019

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Dimension Five Technologies Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dimension Five Technologies Inc. (the "Company"), which comprise the statements of financial position as at May 31, 2020 and 2019, and the statements of loss and comprehensive loss, changes in equity and cash flows 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 May 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements which indicates that the Company has a deficit of $773,772 since inception and negative operating cash flows and is dependent upon its ability to raise adequate financing and generate profitable operations in the future. These conditions indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern.

Other Information

Management is responsible for the other information. The other information comprises the information included in "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 IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
August 25, 2020

Dimension Five Technologies Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

		May 31, 2020		May31, 2019
Assets				
Current				
Cash	$	**93,861**	$	36,081
Guaranteed investment certificates (Note 4)		**28,750**		278,750
Interest receivable		**238**		1,147
GST receivable		**995**		390
Prepaid expenses		**873**		5,500
Deferred acquisition costs (Note 15)		**7,319**		-
		132,036		321,868
Non–current				
Intangible assets (Notes 3, 5, 7, 8 and 9)		**-**		300,000
	$	**132,036**	$	621,868
Liabilities				
Current				
Accounts payable and accrued liabilities (Notes 6 and 10)	$	**51,980**	$	2,924
Deferred App development funds (Note 7)		**-**		28,374
		51,980		31,298
Equity				
Share capital (Notes 8 and 9)		**838,828**		838,828
Reserves (Note 8)		**15,000**		15,000
Deficit		**(773,772)**		(263,258)
		80,056		590,570
	$	**132,036**	$	621,868

Nature of operations and continuance of operations (Note 1)
Contingency (Note 10)
Subsequent events (Note 15)

On behalf of the Board:

“Chris Parr” ,Director

“David Hodge” ,Director

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

Dimension Five Technologies Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		For the year ended May 31, 2020		For the year ended May 31, 2019
Revenue				
License fees (Notes 3 and 9)	**$**	**80,000**	$	110,000
Expenses				
App maintenance		**51,744**		120,437
General and administrative (Note 11)		**267,963**		236,015
		319,707		356,452
Loss before other items		**(239,707)**		(246,452)
Other items				
Interest and other income (Notes 7 and 9)		**29,193**		1,533
Impairment of intangible asset (Note 5)		**(300,000)**		-
Net loss and comprehensive loss for the year	**$**	**(510,514)**	$	(244,919)
Basic and diluted loss per share	**$**	**(0.02)**	$	(0.01)
Weighted average number of common shares outstanding		**23,078,001**		21,082,516

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

Dimension Five Technologies Inc.
Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital Number of Shares	Amount	Shares to be issued	Reserves	Deficit	Total Equity
Balance, May 31, 2018	1	**$ 1**	**$ 320,300**	$ -	**$ (18,339)**	**$ 301,962**
Shares issued for cash (Notes 8 and 9)	13,078,000	545,900	(320,300)	-	-	225,600
Shares issued as consideration for purchase of intangible assets (Notes 8 and 9)	10,000,000	300,000	-	-	-	300,000
Finder's fees (Notes 8 and 9)	-	(7,073)	-	-	-	(7,073)
Share-based compensation (Note 8)	-	-	-	15,000	-	15,000
Net loss for the year	-	-	-	-	(244,919)	(244,919)
Balance, May 31, 2019	**23,078,001**	**$ 838,828**	**$ -**	**$ 15,000**	**$ (263,258)**	**$ 590,570**
Net loss for the year	-	-	-	-	(510,514)	(510,514)
Balance, May 31, 2020	**23,078,001**	**$ 838,828**	**$ -**	**$ 15,000**	**$ (773,772)**	**$ 80,056**

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

Dimension Five Technologies Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended May 31, 2020	For the year ended May 31, 2019
Operating Activities		
Net loss for the year	$ **(510,514)**	$ (244,919)
Items not affecting cash:		
Deferred App development funds applied as other income	**(26,079)**	-
Impairment of intangible asset	**300,000**	-
Share-based payments	**-**	15,000
Changes in non-cash working capital:		
Interest receivable	**909**	(1,147)
GST receivable	**(605)**	78
Prepaid expenses	**4,627**	(3,500)
Deferred acquisition costs	**(7,319)**	-
Accounts payable and accrued liabilities	**49,056**	324
Cash used in operating activities	**(189,925)**	(234,164)
Investing Activities		
Purchase of guaranteed investment certificates	**-**	(278,750)
Improvement and re-development of intangible assets	**(2,295)**	(21,626)
Redemption of guaranteed investment certificate	**250,000**	-
Loans advanced to potential acquisition targets	**45,000**	-
Loans repaid by potential acquisition targets	**(45,000)**	-
Cash (used in) provided by investing activities	**247,705**	(300,376)
Financing Activities		
Proceeds from share issuance	**-**	225,600
Share issue costs	**-**	(7,073)
Deferred App development funds received	**-**	50,000
Cash provided by financing activities	**-**	268,527
Change in cash during the year	**57,780**	(266,013)
Cash, beginning of year	**36,081**	302,094
Cash, end of year	$ **93,861**	$ 36,081

Supplementary Information		
Shares issued as consideration for purchase of intangible assets	**-**	300,000

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Dimension Five Technologies Inc. (the "Company") was incorporated in the Province of British Columbia on January 10, 2018, under the Business Corporations Act of British Columbia. The Company's primary business was the development and monetization of its online software application Investorbase ("the App"). The App is currently inactive. On July 13, 2020, the Company entered into a binding letter of intent with Aduro Energy Inc. ("Aduro") to acquire 100% of the issued and outstanding shares of Aduro from the shareholders of Aduro (the "Acquisition"). If the Acquisition closes, the Company will become the Resulting Issuer immediately following closing, its name will be changed to Aduro Energy Inc. and the Resulting Issuer will adopt the business of Aduro (see Note 15).

On February 12, 2019, the Company's shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "DFT." In accordance with the rules and policies of the CSE, trading in the Company's shares was halted and will remain halted until either the Acquisition is completed or the letter of intent is terminated.

The head office and principal address are located at Suite 1450, 789 West Pender Street, Vancouver, BC, Canada V6C 1H2 and the registered and records office of the Company is located at 885 West Georgia Street, Suite 900, Vancouver, BC, Canada V6C 3H1.

These financial statements have been prepared on a going concern basis, assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has a deficit of $773,772 since inception and negative operating cash flows. The continuing operations of the Company are dependent upon generating profitable operations and obtaining funding, as required, to meet the Company's operating commitments as they come due. These conditions indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern.

These audited financial statements were authorized for issue by the Board of Directors on August 24, 2020.

2. BASIS OF PREPARATION

a) Statement of Compliance

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

b) Basis of Measurement

These financial statements have been prepared on a historical costs basis except for financial instruments classified at fair value (see Note 3). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and related disclosure during the reporting period. Judgement is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates (continued)

Significant areas requiring the use of management estimates and assumptions include:

- The determination of the fair value of common shares issued as consideration for the purchase of the App.
- The determination that the Company will continue as a going concern for the next year.

Assessment of impairment indicators

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Management considers both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required. The information considered in assessing whether there is an indicator of impairment or impairment reversal includes, but is not limited to, the factors listed under "Intangible assets" below.

Intangible assets

Intangible assets consist of the App’s mobile application front end, back end, website, and platform developed in-house or acquired externally. See Note 5.

Intangible assets acquired separately are initially recognized at cost. The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date that the Company can demonstrate all of the following: i) the technical feasibility of completing the intangible assets so that it will be available for use or sale; ii) its intention to complete the intangible asset and use or sell it; iii) its ability to use or sell the intangible asset; iv) how the intangible asset will generate probable future economic benefits; v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. Until these criteria are met, expenditures are expensed as incurred.

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any.

The accounting for an intangible asset is based on its useful life. Intangible assets with a finite useful life are amortized over their estimated useful life. Intangible assets with an indefinite useful life are not amortized. Intangible assets under development which are not ready for use are not amortized. The amortization method, estimated useful life, carrying value and residual value are reviewed each financial year-end or more frequently if required, and are adjusted as appropriate.

The App was assessed as having an indefinite useful life based on management’s consideration of the following factors:

- With further development and marketing management expects the App to generate revenues from advertising, marketing small capitalization public companies, licensing fees and, potentially, user subscription fees;
- Comparison of the App to other popular online sites;
- Continuous maintenance and development of the App by incorporating new technologies;
- The stability of, and continued investment in companies in, the App’s target niche;
- Expected competitive advantage over other existing and potential larger competitors;
- The level of expenditures expected to be required to generate revenues from the App; and
- The Company's 100% ownership and control of the App.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities that are measured at historical costs are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statements of loss and comprehensive loss.

Financial instruments

Financial Assets

At initial recognition, IFRS 9 *Financial Instruments* ("IFRS 9") requires financial assets to be measured at fair value and classified into three measurement categories: those subsequently measured at fair value through profit and loss ("FVTPL"), those subsequently measured at fair value through other comprehensive income ("FVTOCI") and those subsequently measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

IFRS 9 provides a three-stage expected credit loss model for calculating impairment for financial assets. Expected credit losses are required to be recognized when financial instruments are initially recognized and the amount of expected credit losses recognized are required to be updated at each reporting date to reflect changes in the credit risk of the financial instruments.

Financial Liabilities

At initial recognition, IFRS 9 requires financial liabilities to be measured at fair value and classified as subsequently measured at amortized cost except for when one of the specified exceptions applies. In cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the statement of loss, unless this creates an accounting mismatch.

For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Cash and cash equivalents / Guaranteed investment certificates

Cash and cash equivalents include cash on hand and demand deposits and investments with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value. Cash is classified as subsequently measured at amortized cost.

Cash equivalents are classified as subsequently measured at amortized cost except for money market investments which are classified as subsequently measured at FVTPL. Guaranteed investment certificates are classified as subsequently measured at amortized cost.

Trade receivables

Trade receivables relate to amounts received from sales under licensing agreements for use of the App. These receivables are non-interest bearing and are recognized at face amount, except when fair value is materially different, and are classified as subsequently measured at amortized cost. Trade receivables recorded are net of lifetime expected credit losses.

Trade payables

Trade payables are non-interest bearing if paid when due and are recognized at face amount, except when fair value is materially different. Trade payables are classified as subsequently measured at amortized cost.

Expected credit losses

For trade receivables, the Company applies the simplified approach to determining expected credit losses, which requires expected lifetime losses to be recognised upon initial recognition of the receivables.

The Company's revenue consists of licensing fees earned from the use of its App. The licensee obtains control over the use of the App when access to the App is granted. License fees are payable monthly in advance on the first day of each month and revenue is recognized at month end.

Revenue recognition

IFRS 15 *Revenue from Contracts with Customers* provides a five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed for, the customer. The five steps are to identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied.

The Company's revenue consists of licensing fees earned from the use of its App. The licensee obtains control over the use of the App when access to the App is granted. License fees are payable monthly in advance on the first day of each month and revenue is recognized at month end.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions

On September 6, 2018, the Company adopted an incentive stock option plan to attract and retain personnel and to provide incentives to employees, officers, directors and consultants. The Company grants stock options to buy common shares of the Company and the board of directors grants such options for periods of up to ten years, which vest immediately and are priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the common shares are issued.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities on an undiscounted basis, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings/Loss per share

Basic earnings/loss per share is computed by dividing the net income or loss attributable to the owners of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per share is determined by adjusting the earnings or loss attributable to the owners of the Company and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Future Accounting Pronouncements

There are currently no amendments and/or revisions to existing IFRS standards or new standards effective for periods beginning after January 1, 2019 that are expected to be applicable to the Company.

4. GUARANTEED INVESTMENT CERTIFICATES

As at May 31, 2020, the Company had one (May 31, 2019: two) variable rate guaranteed investment certificate(s) ("GIC") totalling $28,750 (May 31, 2019: $278,750). GIC's have an interest rate of prime minus 2.7%. The GIC of $28,750 is held as security by the bank for the Company's credit cards and matures on August 23, 2020. The GIC has been classified as current asset as it may be redeemed on August 23, 2020 upon cancellation of the credit cards. See Note 10.

5. INTANGIBLE ASSETS

	May 31, 2020 $	**May 31, 2019 $**
Balance, beginning of the year	**300,000**	-
Purchase from Zimtu	**-**	300,000
Improvement and re-development costs incurred	**2,295**	21,626
Application of App development funds received from Zimtu	**(2,295)**	(21,626)
Impairment loss	**(300,000)**	-
Balance, end of the year	**-**	300,000

On July 1, 2018, the Company purchased the Zimtu Advantage software application (the "App") including the source code, website and other intellectual property rights from Zimtu Capital Corp. ("Zimtu") by issuing 10,000,000 common shares valued at $0.03 per share for total consideration of $300,000.

(Expressed in Canadian Dollars)

5. INTANGIBLE ASSETS (continued)

During the year-ended May 31, 2019, the Company re-developed the website's interface, re-engineered the platform and launched the beta version of the software application under a new brand named "Investorbase".

During the year ended May 31, 2020 further re-development of Investorbase was performed and later the LA with Zimtu was terminated. Due to the uncertainty of any recovery with no license agreement in place the Company recorded an impairment loss on the App of $300,000 at November 30, 2019.

See Notes 3, 7, 8, and 9.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of the following:

	May 31, 2020 $	**May 31, 2019 $**
Accounts payable	**12,319**	1,665
Accrued liabilities	**7,661**	1,259
Amounts due to related parties (Note 9)	**32,000**	-
	51,980	2,924

7. DEFERRED APP DEVELOPMENT FUNDS

On September 11, 2018, the Company entered into the AFDA with Zimtu whereby Zimtu agreed to provide the Company with up to $100,000 in funding to further improve and re-develop the App for its use. During the year-ended May 31, 2019, the Company received $50,000 from Zimtu.

On January 17, 2020, the Company terminated the AFDA. Pursuant to the termination agreement, the Company retained the $50,000 received from Zimtu. The funding was applied as follows:

	May 31, 2020 $	May 31, 2019 $
Balance, beginning of the year	28,374	-
App development funds received from Zimtu	-	50,000
Applied against improvement and re-development costs incurred	(2,295)	(21,626)
Applied as other income	(26,079)	-
Balance, end of the year	-	28,374

See Notes 5 and 9.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL

Shares:

Authorized:
i. Unlimited common shares without par value
ii. Unlimited preferred shares without par value

Issued and outstanding:

As of May 31, 2020, the issued and outstanding common shares of the company consisted of 23,078,001 common shares and nil preferred shares (May 31, 2019: 23,078,001 common shares and nil preferred shares).

Pursuant to an agreement entered into on September 27, 2018 under National Policy 46-201 *Escrow for Initial Public Offerings* as an emerging issuer, 14,300,001 of these common shares were deposited into escrow. As at May 31, 2020, 8,580,002 (May 31, 2019, 12,870,002) common shares were being held in escrow and will be released in instalments of 2,145,000 every six months commencing six months after the listing date of February 12, 2019.

On June 15, 2018, the Company issued 3,600,000 common shares at $0.02 per share to certain directors and officers of the Company for proceeds of $72,000.

On July 1, 2018, the Company issued 10,000,000 common shares at $0.03 per share as consideration of payment for the purchase of the App as described in Note 5. See Note 9.

On July 6, 2018, the Company completed a non-brokered financing totalling $368,850 whereby it issued a total of 7,377,000 common shares at $0.05 per share. In association with this transaction, the Company paid $7,073 in finder's fees. The finder's fees were accounted for as a share issuance cost.

On July 27, 2018, the Company completed a non-brokered financing totalling $105,050 whereby it issued a total of 2,101,000 common shares at $0.05 per share.

Stock Options:

On September 6, 2018, the Company entered into stock option agreements with two directors pursuant to which each director was granted 200,000 share purchase options at an exercise price of $0.05 per option with any expiry date of September 6, 2023 and vesting immediately upon issuance.

A continuity schedule of the incentive stock options is as follows:

	May 31, 2020		**May 31, 2019**	
	Number of Options	Weighted Average exercise price	Number of Options	Weighted Average exercise price
Outstanding and exercisable, beginning of year	400,000	$ 0.05	-	$ -
Granted	-	-	400,000	0.05
Outstanding and exercisable, end of year	400,000	$ 0.05	400,000	$ 0.05
Weighted average life (years)	3.27		4.27	

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Stock Options (continued):

The fair value of options granted during the year ended May 31, 2019 was estimated on the date of grant using the Black-Scholes option pricing model assuming no expected dividends and the following assumptions:

Expected stock price volatility	100%
Annual risk free interest rate	1.94%
Expected life of options	5 years
Expected forfeiture	0%

The weighted average fair value of options granted was $0.038 per option.

During the year ended May 31, 2020, the Company recognized share-based payments of $nil (May 31, 2019: $15,000) for options granted to directors in connection with their duties.

9. RELATED PARTY TRANSACTIONS

During the year ended May 31, 2020, compensation of related parties was as follows:

Key management and related party compensation	**For the year ended May 31, 2020 $**	For the year ended May 31, 2019 $
Remuneration and fees*	24,000	28,748
Salaries and benefits	72,837	48,000
Share-based payments	-	15,000
	96,837	91,748

* The remuneration and fees were allocated to professional fees of $24,000 (May 31, 2019: $24,000) and share issuance costs of $nil (May 31, 2019: $4,748).

During the year ended May 31, 2020, the Company incurred professional fees of $24,000 (May 31, 2019: $24,000) to a company controlled by the CFO of the Company. As at May 31, 2020, the Company owed $8,000 (May 31, 2019: $nil) to the company. The amount due is unsecured, non-interest bearing, due on demand and to be settled in cash.

During the year ended May 31, 2020 the Company incurred wages and benefits to the Company's CEO of $72,837 (May 31, 2019: $48,000). As at May 31, 2020, the Company owed $24,000 (May 31, 2019: $nil) to the CEO of the Company related to wages payable. The amount due is unsecured, non-interest bearing, due on demand and to be settled in cash.

During the year ended May 31, 2020, the Company incurred share-based compensation of $nil (May 31, 2019: $15,000) to directors of the Company.

9. RELATED PARTY TRANSACTIONS (continued)

During the year ended May 31, 2020, the Company had the following transactions with Zimtu, a company where a director of the Company is the CEO:

- App license fees earned – $80,000 (2019: $110,000);
- Deferred App development funds applied as other income – $26,079 ($nil);
- Administrative and managerial fees incurred – $44,000 (2019: $16,500);
- Consulting fees incurred – $25,000 (2019: $nil); and
- Finder's fees incurred – $nil (2019: $4,748).

See below for a description of the related agreements.

On June 15, 2018, the Company issued 3,600,000 common shares at $0.02 per share to certain directors and officers of the Company for proceeds of $72,000.

On July 1, 2018, the Company purchased the App including the source code, website and other intellectual property rights from Zimtu for 10,000,000 common shares valued at $0.03 per share for total consideration of $300,000. Of this amount, 4,300,000 common shares were issued to officers of the Company and 4,000,000 common shares were issued to Zimtu.

On July 1, 2018, the Company entered into a License Agreement (the "LA") with Zimtu, whereby the Company granted a non-exclusive, non-transferable, non-sublicensable and revocable app user license to Zimtu for a fee of $10,000 per month. The LA is for a term of 18 months and may be renewed for an additional 18 months if mutually agreed upon. The LA may be terminated by Zimtu by providing 30 days' notice to the Company. Pursuant to the LA, Zimtu has agreed to fund the Company's improvement, development and marketing costs for the App up to a maximum of $100,000. On November 1, 2018, Zimtu agreed that the minimum term of the license would be to October 31, 2019 and that 30 days' notice of termination would not be provided prior to October 1, 2019.

On September 11, 2018, the Company entered into an App Further Development Agreement (the "AFDA") with Zimtu whereby Zimtu agreed to provide the Company with up to $100,000 in funding to further improve and re-develop the App for its use in accordance with a to be agreed upon payment schedule.

On January 2, 2019, the Company received a payment of $50,000 from Zimtu pursuant to the AFDA. See Notes 5 and 7.

On March 1, 2019, the Company entered into a Management Services Agreement (the "MSA") with Zimtu. Pursuant to the MSA, Zimtu will provide the Company with administrative and managerial services for a fee of $5,500 per month plus GST, including office space and equipment, for a term of nine months ending on November 30, 2019. Zimtu can renew the MSA for further 12 month term provided that it hasn't been terminated by either party upon giving one month notice to the other. On October 31, 2019 the agreement was renewed for another year with the renewal agreement ending February 29, 2020.

Effective January 31, 2020, the Company terminated the LA, AFDA and MSA with Zimtu.

10. CONTINGENCY

The Company has corporate credit cards with an aggregate credit limit of $25,000. As at May 31, 2020, the available credit was $23,598.

(Expressed in Canadian Dollars)

11. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of the following:

	For the year ended May 31, 2020 $	For the year ended May 31, 2019 $
Advertising and promotion	**5,887**	2,420
Filing fees and transfer agent expenses	**19,807**	29,615
Office, rent and general (Note 9)	**49,726**	20,208
Professional services (Note 9)	**116,125**	117,355
Salaries and benefits (Note 9)	**76,418**	51,417
Share-based payments (Notes 8 and 9)	**-**	15,000
	267,963	236,015

12. INCOME TAXES

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

	For the year ended May 31, 2020 $	For the year ended May 31, 2019 $
Net loss for the year before tax	**(510,514)**	(244,919)
Expected income tax recovery	**(137,839)**	(66,128)
Net adjustment for deductible and non-deductible amounts	**81,106**	(1,908)
Net change in valuation allowance	**56,733**	68,036
Total income tax recovery	**-**	-

The significant components of the Company's deferred income tax assets are as follows:

	May 31, 2020 $	May 31, 2019 $
Non-capital loss carryforwards	**463,000**	259,000
Share issue costs	**4,000**	6,000
Intangible assets	**299,000**	(15,000)
Deferred tax assets not recognized	**(766,000)**	(250,000)
Not deferred income tax assets	**-**	-

As at May 31, 2020, the Company has accumulated non-capital losses for the Canadian income tax purposes totalling approximately $463,000 (May 31, 2019 - $251,000). The losses expire in the following periods:

	$
2038	22,000
2039	229,000
2040	212,000
	463,000

13. FAIR VALUE MEASUREMENT

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value the Company's financial assets and liabilities are described below:

Level 1 – Quoted Prices in Active Markets for Identical Assets
Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Significant Other Observable Inputs
Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Significant Unobservable Inputs
Unobservable (supported by little or no market activity) prices.

14. CAPITAL MANAGEMENT

The Company's capital currently consists of shareholders' equity and working capital. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, meet financial obligations, have sufficient capital to achieve and maintain profitable operations and to provide returns for shareholders and benefits for other stakeholders. As at May 31, 2020, the Company had working capital of $80,056 (2019: $290,570).

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

14. CAPITAL MANAGEMENT (continued)

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar or other foreign currencies will affect the Company's operations and financial results. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company considers this risk to be minimal.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk consist primarily of cash and the GIC. Cash and the GIC are maintained with a financial institution of reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's objective is to ensure that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company will prepare annual capital expenditure budgets which will be regularly monitored and updated as necessary.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

15. SUBSEQUENT EVENTS

On July 13, 2020, the Company entered into a binding letter of intent (the "LOI") with Aduro Energy Inc. ("Aduro") for the purpose of setting out the essential terms and conditions of the proposed acquisition (the "Acquisition") by the Company of 100% of the issued and outstanding shares of Aduro, including shares issuable upon exercise of Aduro warrants. The Acquisition is to be a share exchange or three-cornered amalgamation pursuant to which the Company will purchase the Aduro shares from the Aduro shareholders in exchange for an aggregate 40 million shares of the Company and a portion of 80 million special warrants. The closing date of the Acquisition is the date designated by the Company, Aduro and Aduro's principal shareholder, which is within three business days after receipt of conditional acceptance from the CSE for the Acquisition, or such other date as the parties may agree to in writing. Immediately following completion of the Acquisition, the Company will become the Resulting Issuer (the "RI"), its name will be changed to Aduro Energy Inc. and the RI will adopt Aduro's business. Pursuant to the LOI:

- The parties will negotiate a definitive agreement by taking the following steps:
  - The Company will apply to the CSE for consent (*received on July 29, 2020)* to complete the Acquisition and to issue a $150,000 loan to Aduro;
  - Subject to CSE approval, and within 30 days of the execution of the LOI, the Company will lend $150,000 (*$50,000 advanced*) to Aduro to fund its working capital requirements until closing. The loan will bear interest at 6% per annum, be secured by a general security agreement (the "GSA") registered on all of Aduro's assets and have a maturity date of the earlier of one year from the date of advance or six months following the termination of the LOI. Aduro's assets will be released for the GSA upon the achievement of the First Milestone (the "FM") (1);

15. SUBSEQUENT EVENTS (continued)

  - o The Company will raise a minimum of $500,000 by completing a private placement financing on or before August 31, 2020, by issuing common shares of the Company at an offering price of $0.05 per share or such other price as the CSE may require; and
  - o Immediately prior to closing, Aduro will ensure that all options, warrants and any other rights to acquire Aduro shares, other than the convertible notes are converted or exercised.
- The purchase price is comprised of 40 million common shares of the Company (the "D5 Shares") and the rights of the existing Aduro shareholders and note holders to receive their pro-rata portion of up to an additional 80 million RI shares (the "Special Rights") represented by special warrants issued at closing which automatically convert into an aggregate of up to 80 million RI shares upon achievement of the FM and the Second Milestone (the "SM") (2);.
- On closing, all holders of Aduro convertible notes will have agreed to amend the terms of their notes so that they will automatically convert into special warrants on the achievement of the FM;
- On closing, all of the special warrants will be held in trust until distributed upon achievement of the FM;
- On closing, all Aduro shares that are issued and outstanding will be exchanged for 40 million D5 Shares plus a proportionate interest in the special warrants;
- At closing, Aduro's principal shareholder and three Aduro nominees will be appointed to the RI's five-person board of directors and Aduro's principal shareholder will be appointed as the RI's Chief Executive Officer. On the achievement of the SM, the Company will have the right to nominate a second member to the board of directors;
- At closing, the RI will grant a total of 10 million stock options to directors, officers and consultants of the Company. These options are valid for three years and will vest and become exercisable as follows:

  - o one-third on closing at an exercise price of $0.10 per share;
  - o one-third on closing of the first financing of at least $2.5 million at an exercise price equal to the share or unit price of the financing; and
  - o one-third on closing of the first financing of at least $4.5 million at an exercise price equal to the share or unit price of the financing.
- On achievement of each of the milestones, the RI will issue an additional 40 million RI shares to the holders of special warrants upon their conversion on a pro-rata basis in satisfaction of the Residual Rights.

The Acquisition is contingent on the satisfaction of a number of regulatory requirements including:

- Acceptance of the CSE and the CSE accepting the Acquisition as a reverse takeover in accordance with its rules and policies;
- The preparation and filling with the CSE of a listing statement or information circular;
- Approval of the Company's shareholders if required by the CSE; and
- The filling of financial information with the CSE that complies with the requirements of both the CSE and the B.C. Securities Commissions applicable to reverse takeovers.

Unless otherwise agreed to in writing by the Company, Aduro, Aduo's principal shareholder and the Aduro security holders, the LOI will terminate without further notice or agreement in the event that:

- The Acquisition is rejected by the CSE;
- The $150,000 loan has not been advanced to Aduro in full on or before the 30th day following the execution of the LOI;
- The failure of the Company to complete the $500,000 private placement financing on or before September 21, 2020;
- The effective date of the Acquisition has not occurred on or before December 31, 2020 or such other later date as may be approved in writing by the Company, Aduro's principal shareholder and Aduro;

15. SUBSEQUENT EVENTS (continued)

- Upon written notice delivered either by the Company or Aduro stating that it is not prepared to complete the Acquisition as a result of its due diligence review; and
- Upon written notice of termination by a party due to a breach of the terms of the LOI and provided that such breach has not been cured within 30 days of such notice being received.

(1) First Milestone means within two years of closing, the operation of a show room unit to successfully obtain product by application of technology (all as defined) and the validation of same by an independent third party agreed upon by the Company and Aduro.

(2) Second Milestone means any one or more of (i) a completed financial transaction with an institution, (ii) product produced by a manufacturing plant owned in part by Aduro, (iii) a third party entering into a license agreement with Aduro, (iv) a third party equity investment in the RI, (v) the RI's market capitalization exceeding a threshold, (vi) the RI having completed a public offering or private placement and (vii) a third party entering into an agreement to acquire all of the RI's issued and outstanding shares (all as defined) within four years of closing.

In July and August 2020, and in connection with the LOI, $142,222 in stock subscriptions were received. These subscriptions are for a total of 2,844,440 common shares of the Company at a price of $0.05 per share.

On August 7, 2020, and in connection with the LOI and subsequent discussions, it was agreed that the Company will lend $150,000 to Aduro as follows:

- $50,000 upon Aduro signing a promissory note (“PN1”) and an GSA to be registered in Ontario on all of Aduro’s assets; and
- $100,000 upon Aduro signing a promissory note (“PN2”) and such number of Aduro’s convertible lenders signing amendment agreements to their loans as is acceptable to the Company.

On August 7, 2020, the Company and Aduro entered into PN1 and a GSA. Pursuant to PN1, the Company advanced $50,000 to Aduro. The loan bears interest at 6% per annum, matures in 12 months, may be prepaid without penalty in whole or in part together with all accrued and unpaid interest and is secured by the GSA. Pursuant to the GSA, Aduro granted the Company a security interest in all of its current and after-acquired property and any related proceeds as security for up to $150,000 to be borrowed under PN1 and PNs to be issued for further advances. The GSA may be terminated at any time by written agreement and will terminate upon completion of all payments due under the PN or provided that the Acquisition is completed, achievement of the FM.

16. COMPARATIVE AMOUNTS

Certain of the prior year’s comparative amounts have been reclassified to conform with the current year’s presentation.