

1169082 B.C. LTD.

CONSOLIDATED FINANCIAL STATEMENTS

(Audited)

For the year ended May 31, 2020 and the period from June 21, 2018 (incorporation) to May 31, 2019

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
1169082 B.C. Ltd.

Opinion

I have audited the financial statements of 1169082 B.C. Ltd. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2020 and May 31, 2019, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the year ended May 31, 2020 and for the period from the date of incorporation June 21, 2018 to May 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2020 and May 31, 2019, and its financial performance and its cash flow for the year ended May 31, 2020 and for the period from the date of incorporation June 21, 2018 to May 31, 2019 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$11,358 during the period ended May 31, 2020 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of \$18,207 since its inception, and expects to incur further losses in the development of its business. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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 consolidated 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 Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Adam Kim, CPA, CA.

“Adam Sung Kim Ltd.”
Chartered Professional Accountant

Unit# 168 – 4300 North Fraser Way
Burnaby, BC, Canada V5J 5J8
September 9, 2020

1169082 B.C. Ltd.

Consolidated Statements of Financial Positions

As at May 31, 2020 and May 31, 2019

(Expressed in Canadian dollars)

	Note	May 31, 2020 \$	May 31, 2019 \$
Assets		-	-
Liabilities			
Accounts payable and accrued liabilities	4	11,356	5,497
Due to related parties		5,851	352
Current and Total Liabilities		17,207	5,849
Shareholders' Deficiency			
Share Capital	5	1,000	1,000
Deficit		(18,207)	(6,849)
Total Shareholders' Deficiency		(17,207)	(5,849)
Total Liabilities and Shareholders' Deficiency		-	-

Nature and Continuance of Operations (Note 1)

Plan of Arrangement (Note 7)

Approved and authorized for dissemination by the Board of Directors on September 9, 2020

/s/ J. Scott Munro

Director and CEO/CFO

The accompanying notes are integral to these financial statements.

1169082 B.C. Ltd.

Consolidated Statements of Loss and Comprehensive Loss

For the year ended May 31, 2020 and the period from June 21, 2018 (incorporation) to May 31, 2019

(Expressed in Canadian dollars)

	For the year ended May 31, 2020 \$	For the period from June 21, 2018 (inception) to May 31, 2019 \$
Operating Expenses:		
Professional fees	9,568	3,500
Transfer Agent & Filing Fees	158	1,997
Management fees	1,500	-
General and administration	132	1,352
Net loss and total comprehensive loss for the period	(11,358)	(6,849)
Basis and diluted loss per common share	(0.00)	(0.01)
<i>Weighted average number of common shares outstanding</i>	<i>8,502,104</i>	<i>790,893</i>

The accompanying notes are integral to these consolidated financial statements.

1169082 B.C. Ltd.

Consolidated Statements of Shareholders' Deficiency

For the year ended May 31, 2020 and the period from June 21, 2018 (incorporation) to May 31, 2019

(Expressed in Canadian dollars, except the number of shares)

	Common Shares		Deficit \$	Total \$
	Number	Share Capital \$		
Issuance of incorporator shares	100	1	-	1
Cancellation of incorporator shares under arrangement	(100)	(1)	-	(1)
Plan of arrangement distribution	8,502,104	1,000	-	1,000
Loss for the period	-	-	(6,849)	(6,849)
Balance, May 31, 2019	8,502,104	1,000	(6,849)	(5,849)
Balance, June 1, 2019	8,502,104	1,000	(6,849)	(5,849)
Loss for the year	-	-	(11,358)	(11,358)
Balance, May 31, 2020	8,502,104	1,000	(18,207)	(17,207)

The accompanying notes are integral to these consolidated financial statements.

1169082 B.C. Ltd.

Consolidated Statements of Cash Flows

For the year ended May 31, 2020 and the period from June 21, 2018 (incorporation) to May 31, 2019

(Expressed in Canadian dollars)

	For the year ended May 31, 2020 \$	For the period from June 21, 2018 (inception) to May 31, 2019 \$
Cash flows from operating activities		
Loss for the period	(11,358)	(6,849)
Non-cash items:		
Plan of arrangement	-	1,000
Change in non-cash working capital items:		
Accounts payable and accrued liabilities	5,859	5,497
Cash used in operating activities	(5,499)	(352)
Cash flows from financing activities		
Advances from related parties	5,499	352
Cash provided by financing activities	5,499	352
Net change in cash and cash equivalents for the period	-	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	-	-

Non-Cash Transactions:

Share issued under plan of arrangement

\$1,000

Supplementary information			
Cash paid for interest	\$	-	\$ -
Cash paid for income taxes	\$	-	\$ -

The accompanying notes are integral to these financial statements.

1169082 B.C. LTD.

Notes to the Consolidated Financial Statements

May 31, 2020

(Expressed on Canadian dollars)

1. Nature and Continuance of Operations

1169082 B.C. Ltd. (the "Company") was incorporated as a wholly-owned subsidiary of reporting issuer Hemagenetics Technologies Corp. ("HTC") on June 21, 2018 under the laws of British Columbia, Canada. The Company's head office is located at 5728 East Boulevard, Vancouver, BC V6M 4M4.

The Company's business is the healthcare sector.

2. Basis of Presentation

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Significant accounting policies are described in the Note 3. Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these consolidated financial statements are presented below.

b. Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, 1233705 B.C. Ltd. 1233705 B.C. Ltd was incorporated under the British Columbia Business Corporations Act on December 13, 2019.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Wholly-owned subsidiaries are entities controlled by the Company and where the parent owns 100% of the shares. The financial statements of wholly-owned subsidiaries are included in the Company's consolidated financial statements from the date that control commences until the date that control ceases.

All intercompany balances and transactions, and any revenues and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

1169082 B.C. LTD.

Notes to the Consolidated Financial Statements

May 31, 2020

(Expressed on Canadian dollars)

2. Basis of Presentation (continued)*c. Going-concern basis of presentation*

These consolidated financial statements have been prepared using the historical cost convention except for some financial instruments that have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts (“\$”).

Consolidated Financial statements are required to be prepared on a going-concern basis unless management either intends to liquidate the Company or cease trading, or has no realistic alternative but to do so. The development of the Company’s business may take many years to be successful, if ever, and the amount of resulting income, if any, is difficult to determine with any certainty.

As of May 31, 2020, the Company had not yet achieved profitable operations, had no profits and an accumulated deficit of \$18,207 since incorporation and expects to incur further losses and working capital deficits in the development of its business, all of which casts material uncertainty about the Company’s ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

1169082 B.C. LTD.

Notes to the Consolidated Financial Statements

May 31, 2020

(Expressed on Canadian dollars)

2. Basis of Presentation (continued)*c. Significant accounting judgments and estimates*

The preparation of these consolidated financial statements in conformity with IFRS that requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. 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. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) Ability to continue as a going-concern

Management assesses the Company's ability to continue as a going-concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 1), whose subsequent changes could materially impact the validity of such an assessment.

(ii) Impairment of financial assets

The carrying value and the recoverability of financial assets, which are included in the statements of financial position are assessed at each reporting date to determine recoverability and whether there are any indications of impairment.

The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's financial assets. External sources of information considered are changes in the Company's economic, legal and regulatory environment which it does not control but affect the recoverability of its financial assets. Internal sources of information the Company considers include the manner in which intangible asset are being used or are expected to be used and indications of economic performance of the assets.

1169082 B.C. LTD.

Notes to the Consolidated Financial Statements

May 31, 2020

(Expressed on Canadian dollars)

2. Basis of Presentation (continued)c. *Significant accounting judgments and estimates (continued)*(iii) *Income taxes*

The Company operates in British Columbia, Canada and subject to its provincial corporate tax rates and rules of taxation. The Company calculates deferred income taxes based upon temporary differences between the assets and liabilities that are reported in its consolidated financial statements and their tax bases as deferred tax assets or liabilities, when applicable, as determined under applicable tax legislation.

The future realization of deferred tax assets can be affected by many factors, including: current and future economic conditions, net realizable fair market value, and can either be increased or decreased where, in the view of management, such change is warranted. No deferred tax assets have been deemed probable to date.

3. Significant Accounting Policies

The accounting policies set out below are in effect for the year ended May 31, 2020 and the period from June 21, 2018 (incorporation) to May 31, 2019 and have been applied consistently to all periods presented in these consolidated financial statements.

a. *Cash and cash equivalents -*

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less.

The Company has no cash equivalents as of May 31, 2020 or prior period.

b. *Deferred income taxes -*

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

1169082 B.C. LTD.

Notes to the Consolidated Financial Statements

May 31, 2020

*(Expressed on Canadian dollars)***3. Significant Accounting Policies (continued)***c. Financial instruments -**(i) Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

<u>Asset / Liability</u>	<u>Classification</u>	<u>Subsequent measurement</u>
Accounts payable	Other financial liabilities	Amortized cost

*(ii) Measurement*Financial assets at FVTOCI

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

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of net (loss) income. Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

1169082 B.C. LTD.

Notes to the Consolidated Financial Statements

May 31, 2020

(Expressed on Canadian dollars)

3. Significant Accounting Policies (continued)

c. Financial instruments – (Continued)

(iii) Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

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

Financial liabilities

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

d. Impairment of financial assets -

Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at each period end.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the Company or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

1169082 B.C. LTD.

Notes to the Consolidated Financial Statements

May 31, 2020

(Expressed on Canadian dollars)

3. Significant Accounting Policies (continued)

d. *Impairment of financial assets – (continued)*

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale (AFS) equity instruments, if, in a subsequent period, the amount of the impairment loss decreases, and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

e. *Impairment of non-financial assets -*

The carrying amounts of non-financial assets are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. If there are indicators of impairment, a review is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. Reviews are undertaken on an asset-by-asset basis. If the carrying amount of a non-financial asset exceeds the recoverable amount, being the higher of its fair value less costs to sell and its value-in-use, an impairment loss is recognized in net earnings as the excess of the carrying amount over the recoverable amount.

Where the recoverable amount is assessed using discounted cash flow techniques, the resulting estimates are based on detailed production plans. The mine plan is the basis for forecasting production output in each future year and for forecasting production costs. For value-in-use calculations, production costs and output may be revised to reflect the continued use of the asset in its present form.

Non-financial assets that have suffered an impairment are tested for a possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. In these instances, the impairment loss is reversed to the recoverable amount but not beyond the carrying amount, net of amortization, that would have arisen if the prior impairment loss had not been recognized. Goodwill impairments are not reversed.

1169082 B.C. LTD.

Notes to the Consolidated Financial Statements

May 31, 2020

(Expressed on Canadian dollars)

3. Significant Accounting Policies (continued)f. *Share capital -*

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's shareholders. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

g. *Loss per share -*

Basic loss per share is computed by dividing the net comprehensive loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

h. *Provisions -*

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

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Notes to the Consolidated Financial Statements

May 31, 2020

(Expressed on Canadian dollars)

3. Significant Accounting Policies (continued)

i. New standards and interpretations not yet applied -

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. In the current circumstances, it does not expect any of these to have a material impact on the consolidated financial statements.

IFRS 16 – Leases

IFRS 16 “Leases” is effective for annual reporting periods beginning on or after 1 January 2019 and establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has adopted IFRS 16 and the adoption had no material impact on the consolidated financial statements.

Conceptual Framework

On March 29, 2018, the IASB issued its revised Conceptual Framework for Financial Reporting. The revised Conceptual Framework does not constitute a substantial revision from the previously effective guidance, but does provide additional guidance on topics not previously covered such as presentation and disclosure. This amendment is effective on January 1, 2020. The Company intends to adopt this amendment in its financial statements for the annual period beginning June 1, 2020. The adoption of the revised Conceptual Framework for Financial Reporting is not expected to have a material impact on the consolidated financial statements.

Definition of a Business

On October 22, 2018, the IASB issued a narrow scope amendment to IFRS 3. This amendment narrowed and clarified the definition of a business, as well as permitted a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. This amendment is effective on January 1, 2020 and is to be applied prospectively. The Company intends to adopt the amendment to IFRS 3 in its consolidated financial statements for the annual period beginning June 1, 2020. The adoption of the amendment to IFRS 3 is not expected to have a material impact on the consolidated financial statements.

1169082 B.C. LTD.

Notes to the Consolidated Financial Statements

May 31, 2020

*(Expressed on Canadian dollars)***4. Accounts Payable and Accrued Liabilities**

As at	May 31, 2020 \$	May 31, 2019 \$
Accounts payable	7,856	1,997
Accrued liabilities	3,500	3,500
	11,356	5,497

5. Share Capital

- Authorized — Unlimited Common shares, without par value
 — Unlimited Preferred shares, without par value

Issued and Outstanding: 8,502,104 common shares as of May 31, 2020 and May 31, 2019

Reserved for issuance: nil (see Note 7)

On April 29, 2019, pursuant to the Arrangement, the Company issued 8,502,104 common shares to qualifying shareholders of Hemagenetics Technologies Corp. (“HTC”) for the mandatory redemption of Class A - preferred shares. The 100 incorporator shares held by HTC were returned to treasury and cancelled to close off the Arrangement. (see Notes 6 and 7)

6. Related Party Transactions

On April 29, 2019, pursuant to the Arrangement, the Company issued 8,502,104 common shares to qualifying shareholders of HTC. (See Notes 5 and 7)

During the year ended May 31, 2020, the following transactions occurred with a related party:

	Year ended May 31, 2020 \$	Period ended May 31, 2019 \$
Key management transactions:		
Management fees to the director of the Company	1,500	-
Professional fees to a company related to the director of the Company	3,999	-

1169082 B.C. LTD.

Notes to the Consolidated Financial Statements

May 31, 2020

(Expressed on Canadian dollars)

7. Plan of Arrangement

On June 26, 2018, the Company entered into a statutory arrangement with HemaGenetics Technologies Corp. (“HTC”) under a plan of arrangement pursuant to an arrangement agreement (the “Arrangement”) entered into between the Company, HTC, 1169032 B.C. Ltd., 1169071 B.C. Ltd., 1169077 B.C. Ltd., Mucho Cobre Resources Ltd. (formerly, 1169080 B.C. Ltd.), and Agri Tech International Inc. (formerly, 1169029 B.C. Ltd. Under the Arrangement, the effective date for the Arrangement can be set separately as between HTC and each of the other parties to the Arrangement. The Arrangement received final B.C. supreme court approval on July 19, 2018.

Effective April 29, 2019, the Company issued 8,502,104 common shares with an aggregate fair value of \$1,000 to eligible from HTC shareholders of record on October 15, 2018 and HTC returned its 100 incorporator shares to the Company treasury to complete the Arrangement. As a result of the Company was spun out (divested) from HTC and as a result the Company became a reporting issuer in the Provinces of Alberta and British Columbia. HTC invoiced the Company \$1,000 for Arrangement related services that was offset against the deposit owing from HTC.

8. Letter of intent

On November 15, 2019, the Company entered into a non-binding letter of intent with Greeny Collaboration Group (Canada) Inc. (“Greeny”), which sets out the terms and conditions relating to a proposed transaction pursuant to which the Company would acquire the business of Greeny. Following completion of the Transaction, the Company would continue to carry on the business of Greeny. The LOI has been terminated during the year ended May 31, 2020.

9. Capital Disclosures

The Company defines its capital as shareholders’ equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the business development. The Board of Directors do 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. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities.

In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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Notes to the Consolidated Financial Statements

May 31, 2020

*(Expressed on Canadian dollars)***10. Financial Instruments**

The Company has classified its financial instruments as follows:

<u>Asset / Liability</u>	<u>Classification</u>	<u>Subsequent measurement</u>
Accounts payable	Other financial liabilities	Amortized cost

The Company's financial instruments measured at fair value on the statement of financial position consist of cash and cash equivalents. Cash and cash equivalents are measured at level 1 of the fair hierarchy. The carrying value of accounts payable and accrued liabilities approximate their fair value because of the relatively short-term nature of these instruments.

There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at May 31, 2020 as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Financial Assets				
Cash	—			
	—			

The Company had no cash equivalents as of May 31, 2020 and 2019.

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Notes to the Consolidated Financial Statements

May 31, 2020

(Expressed on Canadian dollars)

10. Financial Instruments (continued)

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

The Company is not exposed to credit risk. The Company's cash will be held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company will maintain cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company is not exposed to any potential credit losses.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities.

Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

11. Segmented Information

The Company operates in one reportable operating segment, being in the development of payment processing technology for the Technology Sector in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.

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Notes to the Consolidated Financial Statements

May 31, 2020

*(Expressed on Canadian dollars)***12. Income Taxes**

The Company has accumulated non-capital losses expire as follows (tax attributes are subject to revision and potential adjustment by tax authorities):

YEAR	\$
2039	6,849
2040	11,358

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

	May 31, 2020	May 31, 2019
	\$	\$
Loss before income taxes	(11,358)	(6,849)
Effective tax rate	27.0%	27.0%
Expected income tax (recovery)	3,067	1,849
Tax effects of:		
Non-deductible expenses and other deductions	—	—
Change in unrecognized deferred income tax assets	(3,067)	(1,849)
Deferred income tax recovery	—	—

The significant components of the Company's deferred income tax assets not recognized are as follows:

	May 31, 2020	May 31, 2019
	\$	\$
Substantively enacted tax rate	27.0%	27.0%
Deferred income tax assets:		
Non-capital losses	4,916	1,849
Net unrecognized deferred income tax assets	4,916	1,849

Estimated taxable income for the year is \$Nil. Deferred tax assets have not been recognized because it is not probable that future taxable income will be available against which the Company can utilize the benefits from the deductible temporary differences and unused tax losses.

13. COVID-19

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time and continues to monitor the COVID-19 development but since the duration and impact of the COVID-19 pandemic is unknown at this time, it is not possible to reliably estimate the length of the outbreak or the severity of its impact at this time.