

**GOLDEN OPPORTUNITY RESOURCES CORP.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**RESTATED AND AMENDED**

**FOR THE SIX MONTH PERIOD ENDED JULY 31, 2019 AND 2018  
(UNAUDITED)**

**GOLDEN OPPORTUNITY RESOURCES CORP.**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

Restated (Note 11)

	July 31, 2019 (Unaudited)	January 31, 2019 (Audited)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 25,258	\$ 114,917
Amounts receivable	3,867	2,585
	29,125	117,502
DEFERRED FINANCING COSTS	10,000	—
EXPLORATION AND EVALUATION ASSET (Note 4)	108,652	108,652
	\$ 147,777	\$ 226,154
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 30,812	\$ 26,326
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL (Note 5)	297,501	297,501
CONTRIBUTED SURPLUS	49,498	30,000
DEFICIT	(230,034)	(127,673)
	116,965	199,828
	\$ 147,777	\$ 226,154

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)

COMMITMENTS (Note 10)

SUBSEQUENT EVENTS (Note 12)

Approved and authorized for issue on behalf of the Board on August 29, 2019

"Keith Anderson"

Director

"Alex Helmel"

Director

The accompanying notes are an integral part of these financial statements

**GOLDEN OPPORTUNITY RESOURCCES CORP.**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)  
(Unaudited)

Restated (Note 11)

	Three months ended July 31, <u>2019</u>	Three months, ended July 31, <u>2018</u>	Six months ended July 31, <u>2019</u>	Six months, ended July 31, <u>2018</u>
<b>EXPENSES</b>				
Advertising and promotion	\$ 1,215	\$ 476	\$ 2,906	\$ 476
Consulting fees (Note 6)	16,500	9,000	30,500	18,000
Office and administrative	5,336	4,314	9,227	4,504
Professional fees	4,200	925	15,900	2,744
Rent	7,832	4,715	15,601	7,638
Share-based payments	—	—	19,498	30,000
Transfer agent and filing fees	8,729	—	8,729	—
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ 43,812</b>	<b>\$ 19,430</b>	<b>\$ 102,361</b>	<b>\$ 63,362</b>
<b>LOSS PER SHARE (basic and diluted)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARE OUTSTANDING</b>	<b>10,450,001</b>	<b>1,746,666</b>	<b>10,450,001</b>	<b>1,746,606</b>

The accompanying notes are an integral part of these financial statements

**GOLDEN OPPORTUNITY RESOURCES CORP.**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

(Expressed in Canadian dollars)

(Unaudited)

Restated (Note 11)

	<b>Common Shares</b>		<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
	<b>Number of Shares</b>	<b>Amount</b>			
		\$	\$	\$	\$
Balance, January 31, 2019	10,450,001	297,501	30,000	(127,673)	199,828
Share-based payments	—	—	19,498	—	19,498
Net loss for the period	—	—	—	(102,361)	(102,361)
Balance, July 31, 2019	10,450,001	297,501	49,498	(230,034)	116,965
Balance, January 31, 2018	—	—	—	—	—
Shares issued for cash	5,998,250	89,900	—	—	89,900
Share-based payments	—	—	30,000	—	30,000
Net loss for the period	—	—	—	(63,362)	(63,362)
Balance, July 31, 2018	5,998,250	89,900	30,000	(63,362)	56,538

The accompanying notes are an integral part of these financial statements

**GOLDEN OPPORTUNITY CORP.**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**

(Expressed in Canadian dollars)  
(Unaudited)

(Restated (Note 11))

	Three months ended July 31, <u>2019</u>	Three months, ended July 31, <u>2018</u>	Six months ended July 31, <u>2019</u>	Six months, ended July 31, <u>2018</u>
<b>CASH PROVIDED BY (USED IN):</b>				
<b>OPERATING ACTIVITIES</b>				
Net loss for the period	\$ (43,812)	\$ (19,430)	\$ (102,361)	\$ (63,362)
Items not involving cash:				
Share-based payments	—	—	19,498	30,000
	(43,812)	(19,430)	(82,863)	(33,362)
Changes in non-cash working capital balances:				
Amounts receivable	(1,239)	(412)	(1,282)	(5,715)
Accounts payable and accrued liabilities	(2,354)	21,988	4,486	(1,439)
Cash used in operating activities	(47,405)	2,146	(79,659)	(40,516)
<b>INVESTING ACTIVITIES</b>				
Share issuance	—	30,000	—	90,000
Exploration and evaluation asset	—	—	(10,000)	—
Cash used in investing activities	—	30,000	(10,000)	90,000
DECREASE IN CASH	(47,405)	27,854	(89,659)	49,484
CASH, BEGINNING OF PERIOD	72,663	21,630	114,917	—
CASH, END OF PERIOD	\$ 25,258	\$ 49,484	\$ 25,258	\$ 49,484
<b>SUPPLEMENTAL DISCLOSURES</b>				
Interest paid	\$ —	\$ —	\$ —	\$ —
Income taxes paid	\$ —	\$ —	\$ —	\$ —

The accompanying notes are an integral part of these financial statements

---

**GOLDEN OPPORTUNITY RESOURCES CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JULY 31, 2019 AND 2018**

(Expressed in Canadian dollars)

(Unaudited)

Restated and Amended

---

**1. NATURE OF OPERATIONS**

Golden Opportunity Resources Corp. ("the Company") was incorporated on January 31, 2018 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at July 31, 2019, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of \$230,034 as at July 31, 2019, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**a) Statement of compliance**

These unaudited condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the Financial Reporting Interpretations Committee ("IFRIC"). These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements and notes thereto as of and for the period ended January 31, 2019.

These unaudited condensed interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on August 29, 2019.

**b) Basis of presentation**

These interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the period ended January 31, 2019. The adoption of new accounting standards has had no material impact on the financial statements.

**GOLDEN OPPORTUNITY RESOURCES CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JULY 31, 2019 AND 2018**

(Expressed in Canadian dollars)

(Unaudited)

Restated and Amended

**3. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

Effective for annual periods beginning on or after January 1, 2019

**IFRS 16 – Leases**

In June 2016, the IASB issued IFRS 16 – Leases. IFRS 16 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 does not expect the adoption of this standard to have significant impact to the financial statements.

**4. EXPLORATION AND EVALUATION ASSET**

	<b>Acquisition Costs</b>	<b>Exploration Costs</b>	<b>Total</b>
	\$	\$	\$
Balance, incorporation on January 31, 2018	-	-	-
Additions	5,000	*103,652	108,652
Balance, January 31, 2019 and July 31, 2019	5,000	103,652	108,652

*\*Exploration costs include geologists and labour costs of \$47,650, assay costs of \$2,797, truck and equipment rentals of \$5,440, travel and fuels of \$28,848, meal and accommodation of \$5,440, office and field of \$5,277 and management fees of \$8,200*

**Coastal Copper Claim**

Pursuant to an option agreement dated March 12, 2018 (the "Agreement"), with Rich River Exploration and Craig A. Lynes, collectively, the "Optionors", the Company was granted an option to acquire a 100% undivided interest in the Coastal Copper Claim (the "Property") located near Maple Bay area, Stewart district, British Columbia.

**GOLDEN OPPORTUNITY RESOURCES CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JULY 31, 2019 AND 2018**

(Expressed in Canadian dollars)

(Unaudited)

Restated and Amended

**4. EXPLORATION AND EVALUATION ASSET (continued)**

In accordance with the Agreement, the Company has the option to acquire first 51% undivided interest (earned) in the Property by paying \$5,000 (paid) in cash upon execution of the Agreement. The Company has the option to earn the remaining 49% interest in the Property by issuing a total of 600,000 common shares of the Company to the Optionors, making cash payments totaling \$155,000, and incurring a total of \$600,000 in exploration expenditures as follows:

	<b>Common Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
	Number	\$	\$
Upon listing of the Company's common shares on a Canadian Securities Exchange (the "Listing")	100,000	-	-
On or before the first anniversary of the Listing	100,000	-	-
On or before the second anniversary of the Listing	100,000	25,000	200,000
On or before the third anniversary of the Listing	100,000	30,000	100,000
On or before the fourth anniversary of the Listing	200,000	100,000	300,000
<b>Total</b>	<b>600,000</b>	<b>155,000</b>	<b>600,000</b>

The Property is comprised of one mineral claim.

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% of the royalty for \$750,000 and the remaining 2% for \$1,000,000 at any time prior to the commencement of commercial production.

**5. SHARE CAPITAL**

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six month from date of listing. At July 31, 2019, there were 2,000,000 common shares held in escrow.



**GOLDEN OPPORTUNITY RESOURCES CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JULY 31, 2019 AND 2018**

(Expressed in Canadian dollars)  
(Unaudited)

Restated and Amended

5. SHARE CAPITAL - continued

- c) Issued and Outstanding as at July 31, 2019: 10,450,001 common shares.

During the year ended January 31, 2019, the Company had the following share capital transactions:

- (i) The Company issued 2,000,000 common shares at a price of \$0.005 per share for \$10,000. The fair value of the 2,000,000 common shares was estimated to be \$40,000. Accordingly, the Company recorded share-based payments of \$30,000 and a corresponding increase to contributed surplus.
- (ii) The Company issued 3,950,000 Units at a price of \$0.05 per share for total gross proceeds of \$197,500. Each Unit is consisted of one common share and one-half of purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at \$0.2 per share until the first anniversary of the issuance of the Unit, then at \$0.3 per share until the second anniversary of the issuance of the Unit.
- (iii) The Company issued 4,500,000 flow-through common shares at a price of \$0.02 per share for gross proceeds of \$90,000, which the Company was committed to spend in Qualifying Canadian Exploration Expenditures ("CEE"). None of the Qualifying CEE will be available to the Company for future deduction from taxable income.

As at January 31, 2019, the Company has spent \$90,000 in CEE.

For the purposes of the calculating the tax effect of any premium related to the issuance of the flow-through shares, the Company reviewed recent financings and compared it to determine if there was a premium paid on the shares. As a result of the review the Company did not recognize any premium on the flow-through shares issued.

The Company did not issue any common shares during the six-month period ended July 31, 2019.

- d) Warrants:

The following table reconciles the warrants activity during the year ended January 31, 2019:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
Balance, January 31, 2019		
and July 31, 2019	1,480,000	\$0.20 - \$0.30

The following table summarizes the warrants outstanding and exercisable as at July 31, 2019:

<b>Exercise price</b>	<b>Number of warrants outstanding and exercisable</b>	<b>Expiry date</b>
\$ 0.20 - \$0.30	500,000	November 14, 2020
\$ 0.20 - \$0.30	550,000	December 12, 2020
\$ 0.20 - \$0.30	500,000	January 4, 2021
\$ 0.20 - \$0.30	425,000	January 8, 2021

**GOLDEN OPPORTUNITY RESOURCES CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JULY 31, 2019 AND 2018**

(Expressed in Canadian dollars)  
(Unaudited)

Restated and Amended

5. SHARE CAPITAL - continued

e) Stock Options:

During the period ended July 31, 2019, the Company adopted a Stock Option Plan (the "Plan"). Under the Plan, The Company can issue up to 10% of the issued and outstanding common shares as incentive stock options to directors, officers employees and consultants to the Company. The Plan limits the number of stock options which may be granted to any one individual to not more than 5% of the total issued common shares of the Company in any 12 month period. The Plan also limits the stock options which may be granted to any one individual if the exercise would result in the issuance of common shares more than 2% in any 12 month period. The number of options granted to any one consultant or a person employed to provide investor relations activities in any 12 month period must not exceed 2% of the total issued common shares of the Company. As well, stock options granted under the Plan may be subject to vesting provisions as determined by the Board of Directors.

On March 19, 2019, the Company granted 600,000 stock options to certain directors and officers of the Company at an exercise price of \$0.10 for a period of five years from the date of grant. The fair value of these options was calculated to be \$19,498. The remaining expected life as at July 31, 2019 is 4.63 years.

As at July 31, 2019, the Company had options outstanding enabling holders to acquire the following:

	<b>Option Outstanding</b>	<b>Weighted- Average Exercise Price</b>	<b>Weighted- Average Remaining Contractual Life (years)</b>
		\$	
Outstanding and exercisable January 31, 2019	—	\$ —	—
Option granted	600,000	\$ 0.10	5
Outstanding and exercisable, July 31, 2019	600,000	\$ 0.10.	4.63

The inputs used in the Black-Scholes calculation for the 2019 stock options are as follows:

	<b>2019</b>
Share price	\$0.05
Risk-free dividend rate	1.62%
Expected life of options	5
Dividend rate	0.00%
Annualized volatility	100%

---

**GOLDEN OPPORTUNITY RESOURCES CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JULY 31, 2019 AND 2018**

(Expressed in Canadian dollars)

(Unaudited)

Restated and Amended

---

**6 RELATED PARTY BALANCES AND 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. 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.

Key management includes directors and key officers of the Company, including the President, Chief Executive officer and Chief Financial Officer.

During the three month period ended July 31, 2019 the Company paid \$12,500 in consulting fees to a director and CEO of the Company. The Company issued stock options to certain directors of the Company and recorded share-based payment expense of \$19,498.

**7. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

**8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Fair Value of Financial Instruments**

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

**GOLDEN OPPORTUNITY RESOURCES CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JULY 31, 2019 AND 2018**

(Expressed in Canadian dollars)

(Unaudited)

Restated and Amended

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at July 31, 2019 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	25,258	—	—	25,258

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at July 31, 2019 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

**GOLDEN OPPORTUNITY RESOURCES CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JULY 31, 2019 AND 2018**

(Expressed in Canadian dollars)

(Unaudited)

Restated and Amended

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

10. COMMITMENTS

The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in Note 4.

11. RESTATEMENTS AND AMENDMENTS

Subsequent to the filing of the Company's July 31, 2019 condensed interim financial statements on August 26, 2019, the Company identified an error in its condensed interim financial statements for the period ended July 31, 2019. The error pertained to the incorrect calculation of the share-based payment expenses pertaining to stock options granted during the period. The previously reported amounts, adjustments relating to the error and restated amounts are as follows:

	As previously reported	Adjustments	As restated
<b>Condensed Interim Statement of Financial Position</b>			
As at July 31, 2019			
<b>SHAREHOLDERS' EQUITY</b>			
SHARE CAPITAL	\$ 297,501	\$ -	\$ 297,501
CONTRIBUTED SURPLUS	79,646	(30,148)	49,498
DEFICIT	(260,182)	30,148	(230,034)
	<b>\$ 116,965</b>	<b>\$ -</b>	<b>\$ 116,965</b>

**Condensed Interim Statement of Comprehensive Loss**

Six months ended July 31, 2019

<b>EXPENSES</b>			
Share-based payments	\$ 49,646	\$ (30,148)	\$ 19,498
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ 132,509</b>	<b>\$ (30,148)</b>	<b>\$ 102,361</b>

---

**GOLDEN OPPORTUNITY RESOURCES CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JULY 31, 2019 AND 2018**

(Expressed in Canadian dollars)

(Unaudited)

Restated and Amended

---

**12. SUBSEQUENT EVENTS**

- i. The Company entered into an agency agreement with Canaccord Genuity Corp. (the "Agent") whereby the Agent has agreed to raise on commercially reasonable efforts \$350,000 in an initial public offering ("IPO") by the sale of 3,500,000 units (each, a "Unit") at a price of \$0.10 per Unit. Each Unit is consisted of one common share of the Company and one-half of common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at \$0.25 per share for 24 months from the closing date ("Closing") of the IPO. The agency agreement grants the Agent an option to purchase up to a maximum of 525,000 additional Units, which may be exercised by the Agent up to 48 hours prior to Closing.

Pursuant to the terms of the agency agreement, the Company has agreed to pay to the Agent a cash commission of 10% of the gross proceeds of the IPO. The Company has also agreed to grant the Agent warrants (the "Agent's Warrants") which will entitle the Agent to purchase up to that number of common shares equal to 10% of the Units sold under the IPO, at a purchase price that is equal to the price per Unit offered in the IPO. The Agent's Warrants are exercisable until 24 months from the Closing date. In addition, the Company has agreed to pay a corporate finance fee of \$25,000, the Agent's legal fees incurred and any other reasonable expenses pursuant to the IPO of which \$10,000 has already been paid.

- ii. The Company received a loan of \$25,000. The loan bears interest at a rate of 3% per annum, is unsecured, and due three years from the date of receipt.