JNC RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the Six Months Ended June 30, 2020

(Unaudited – prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3(a)), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, B.C.
August 21, 2020

JNC RESOURCES INC.
UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars – prepared by Management)

	June 30, 2020	December 31, 2019
ASSETS		
Current assets		
Cash	$ 217,060	$ 131,779
Amounts receivable	6,085	1,631
Deferred financing costs (Note 5(d))	-	10,000
Prepaid expenses	4,997	5,000
	228,142	148,410
Non-current assets		
Exploration and evaluation assets (Note 4)	52,411	38,750
TOTAL ASSETS	$ 280,553	$ 187,160
LIABILITIES and EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 1,802	$ 51,366
TOTAL LIABILITIES	1,802	51,366
EQUITY		
Share capital (Note 5)	582,990	358,750
Share-based payments reserve	12,590	-
Deficit	(316,829)	(222,956)
TOTAL EQUITY	278,751	135,794
TOTAL LIABILITIES and EQUITY	$ 280,553	$ 187,160

Nature and continuance of operations (Note 1)
Commitment (Note 9)

Approved by the Board on August 21, 2020 and signed on behalf of the Board:

"Michael Mulberry" Director *"Yana Bobrovskaya"* Director

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

JNC RESOURCES INC.
UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars – prepared by Management)

	Number of Shares	Share Capital	Share-based Payments Reserve	Deficit	Total Equity
On Incorporation for cash	-	$ -	$ -	$ -	$ -
Seed share financing	3,000,000	30,000	-	-	30,000
Shares issued per property option agreement	150,000	3,750	-	-	3,750
Private placement financing	13,000,000	325,000	-	-	325,000
Net loss for the period	-	-	-	(124,895)	(124,895)
Balance, June 30, 2019	16,150,000	358,750	-	(124,895)	233,855
Net loss for the period	-	-	-	(98,061)	(98,061)
Balance, December 31, 2019	16,150,000	358,750	-	(222,956)	135,794
Initial public offering, net	3,033,000	236,830	-	-	236,830
Fair-value of Agent's warrants issued	-	(12,590)	12,590	-	-
Net loss for the period	-	-	-	(93,873)	(93,873)
Balance, June 30, 2020	19,183,000	$ 582,990	$ 12,590	$ (316,829)	$ 278,751

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

JNC RESOURCES INC.

UNAUDITED CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars – prepared by Management)

	For the Three Months Ended June 30, 2020	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2020	From incorporation on April 1, 2019 to June 30, 2019
EXPENSES				
Administration expenses (Note 6)	$ 2,156	$ 3,126	$ 5,111	$ 3,126
Exploration expenditures (Notes 4 and 6)	1,400	102,586	1,400	102,586
Management fees (Note 6)	12,000	16,500	24,000	16,500
Marketing and shareholder communication	4,140	-	6,640	-
Professional fees (Note 6)	29,274	5,954	38,332	5,954
Transfer agent and filing fees	17,872	-	18,152	-
Travel and business development	238	121	238	121
	(67,080)	(128,287)	(93,873)	(128,287)
OTHER ITEM				
Foreign exchange gain	-	3,392	-	3,392
Net Loss and Comprehensive Loss for the Period	$ (67,080)	$ (124,895)	$ (93,873)	$ (124,895)
Basic and Diluted Loss Per Share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted Average Number Of Shares Outstanding, Basic	18,749,714	13,634,320	17,449,857	13,634,320

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

JNC RESOURCES INC.
UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars – prepared by Management)

	For the Six Months Ended June 30, 2020	For the period from Incorporation on April 1, 2019 to June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (93,873)	$ (124,895)
Changes in non-cash working capital items:		
Increase in amounts receivable	(4,454)	(853)
(Increase) decrease in prepaid expenses	3	(3,796)
Increase (decrease) in accounts payable and accrued liabilities	(49,564)	20,091
Cash used in operating activities	(147,888)	(109,453)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(13,661)	(35,000)
Cash used by investing activities	(13,661)	(35,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net	246,830	355,000
Cash provided by financing activities	246,830	355,000
Increase in cash during the period	85,281	210,547
Cash, beginning of the period	131,779	-
Cash, end of the period	$ 217,060	$ 210,547

During the period from incorporation on April 1, 2019 to June 30, 2019, 150,000 common shares were issued with a fair value calculated to be $3,750 per Note 4(a)(ii).

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

1. NATURE AND CONTINUANCE OF OPERATIONS

On April 1, 2019, JNC Resources Inc. ("JNC" or the "Company") was incorporated under the laws of the province of British Columbia. The Company's principal business activity is the exploration for mineral resources in British Columbia, Canada. On April 13, 2020, the Company completed its initial public offering ("IPO") and on April 14, 2020, the shares of the Company commenced trading on the Canadian Securities Exchange ("CSE") under the symbol JNC.

The Company's head office address is Suite 615 – 800 West Pender Street, Vancouver, BC, V6C 2V6. The registered and records office address is 2110 28th Street, West Vancouver, BC, V7V 4M3.

The financial statements of the Company are presented in Canadian dollars, which is the functional and reporting currency of the Company.

<u>Going concern of operations</u>

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

As of June 30, 2020, the Company has not generated any revenues and has incurred losses of $316,829 (December 31, 2019 - $222,956) since inception. The Company's continued existence and plans for future growth depend on its ability to obtain additional capital.

The above material uncertainties raise significant doubt about the Company's ability to continue as a going concern. Although these financial statements have been prepared on a going concern basis, the Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance.

In March 2020, there was a global outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the regional economies in which the Company operates and could continue to result in negative impacts on the stock market, including trading prices of the Company's shares, and the ability to raise capital and could impact the Company's operations.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements of the Company for the six months ended June 30, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Accordingly, these condensed interim financial statements follow the same accounting principles and methods of application as the annual financial statements for the period ended December 31, 2019 but may condense or omit certain disclosures that otherwise would be present in annual financial statements prepared in accordance with IFRS. These financial statements should therefore be read in conjunction with the audited financial statements for the period ended December 31, 2019. Results for the period ended June 30, 2020, are not necessarily indicative of future results.

Use of judgments and estimates

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

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

Exploration and evaluation assets ("E&E")

The Company's mineral interests comprise mineral property surface rights, mining titles, exploration licenses, exploitation permits and concession contracts. All direct costs related to the acquisition of mineral interests are capitalized and classified as intangible assets. All other E&E costs incurred prior to a decision to proceed with development are charged to profit and loss as incurred. When a decision to proceed with development is made, development costs subsequently incurred to develop a mine prior to the start of mining operations are capitalized and carried at cost.

Subsequent to entering production, acquisition costs and development costs and development expenditures are tested for impairment and then transferred to mineral interests within property and equipment. Mineral interests are classified as tangible assets and depreciated when such assets are put in use.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation assets ("E&E") (cont'd…)

The Company assesses mineral interests for impairment when indicators of impairment are present and at least annually. When a project is deemed to no longer have commercially viable prospects to the Company, mineral interests, in excess of estimated recoveries, are written off and recognized in profit and loss.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration costs. Exploration and evaluation acquisition costs that are capitalized are included as part of cash flows from investing activities whereas exploration and evaluation expenditures that are expensed are included as part of cash flows from operating activities.

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction to exploration expenditures in the period that the related expenditures are incurred. The accrued credits are subject to review by the relevant authorities and by their nature are subject to measurement uncertainty. Adjustments, if any, resulting from such a review are recorded in the tax filing.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based payments reserve is transferred to accumulated losses (deficit). The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments to non-employees are measured at the fair value of goods or services received.

Warrants

The Company accounts for warrants including warrants issued to brokers in connection with the issuance of shares ("broker warrants") using the fair value method. Under this method, the fair value of broker warrants is first determined based on the value of goods or services received. In situations where some or all of the goods or services received by the Company as consideration cannot be specifically identified, the fair value of broker warrants is then determined using the Black-Scholes valuation model.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Warrants (cont'd…)

The Company has adopted a residual method with respect to the measurement of shares and warrants issued as private placement units. The residual method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

Upon exercise of the warrants, consideration paid together with the amount previously recognized in reserves surplus is recorded as an increase to capital stock. Upon forfeiture or expiry of the warrants, the amount previously recognized in the reserves is transferred to deficit.

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 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 affect neither accounting or taxable 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, using tax rates enacted or substantively enacted at the reporting 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.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. 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.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(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 if the Company has opted to measure them at FVTPL.

(ii) Measurement

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 transaction costs are expensed in the consolidated 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 consolidated statements of net (loss) income in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes 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 has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated 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.

(Expressed in Canadian Dollars – prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

(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 consolidated statements of net (loss) income.

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.

4. EXPLORATION AND EVALUATION ASSETS

Exploration and Evaluation Assets	Triple 9	Imperial	Total
Balance, at incorporation	$ -	$ -	$ -
Additions	38,750		38,750
Balance, at December 31, 2019	38,750	-	38,750
Additions	-	13,661	13,661
Balance, at June 30, 2020	$ 38,750	$ 13,661	$ 52,411

	For the Six Months Ended June 30, 2020			For the period from Incorporation on April 1, 2019 to June 30, 2019		
Exploration Expenditures	**Triple 9**	**Imperial**	**Total**	**Triple 9**	**Imperial**	**Total**
Assaying	$ -	$ -	$ -	$ 34,095	$ -	$ 34,095
Geological costs	-	-	-	68,491	-	68,491
Geophysics	1,400	-	1,400	-	-	-
Total	$ 1,400	$ -	$ 1,400	$ 102,586	$ -	$ 102,586

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

a. Triple 9 Property, British Columbia (cont'd…)

On April 22, 2019, the Company entered into an Option Agreement (the "Triple 9 Agreement") with Guy Delorme and Christopher Delorme ("the Optionors") pursuant to which the Company has the sole and exclusive option to acquire 100% of the rights and interests in the Triple 9 Copper/Gold Project in British Columbia subject to a 2% net smelter return ("NSR").

The Company's option to acquire the rights and interests in the Triple 9 Project is exercisable by issuing a total of 2,050,000 common shares and making aggregate cash payments of $1,035,000.

The share issuances and cash payments schedule are as follows:

i. $35,000 within five days of signing the Triple 9 Agreement (paid);
ii. 150,000 common shares within 14 days of the Triple 9 Agreement date (issued);
iii. $100,000 and 300,000 common shares on or before April 13, 2021;
iv. $300,000 and 600,000 common shares on or before April 13, 2022;
v. $600,000 and 1,000,000 common shares on or before April 13, 2023.

The Company has the right to buyback 1% of the NSR by paying the Optionors $1,000,000.

b. Imperial Property, Nevada

On June 15, 2020, the Company signed an option agreement (the "Imperial Agreement") with Great Basin Resources ("Great Basin") pursuant to which the Company has the sole and exclusive option to acquire 100% of the rights and interests in the Imperial Gold Project in Nevada subject to a 3% net smelter return ("NSR").

The Company's option to acquire the rights and interests in the Imperial Project is exercisable by making aggregate cash payments of US $270,000 over seven years and by incurring minimum exploration expenditures totaling US $4,300,000 over seven years.

The cash payments and minimum exploration expenditures (the "expenditures") schedule is as follows:

i. US $10,000 within five days of signing the Imperial Agreement (paid);
ii. US $20,000 and US $50,000 expenditures on or before June 15, 2021;
iii. US $20,000 and US $150,000 expenditures on or before June 15, 2022;
iv. US $30,000 and US $250,000 expenditures on or before June15, 2023;
v. US $40,000 and US $350,000 expenditures on or before June15, 2024;
vi. US $50,000 and US $500,000 expenditures on or before June15, 2025;
vii. US $50,000 and US $1,000,000 expenditures on or before June15, 2026;
viii. US $50,000 and US $2,000,000 expenditures on or before June15, 2027.

Any accumulated excess expenditures in a given year shall be credited to the subsequent year and so on, and the Company may accelerate such expenditures at its discretion.

(Expressed in Canadian Dollars – prepared by Management)

5. CAPITAL STOCK AND RESERVES

a) Authorized share capital

As a June 30, 2020, the authorized share capital of the Company is an unlimited number of common shares without par value.

b) Issued share capital

<u>During the six months ended June 30, 2020:</u>

i. On April 13, 2020, the Company completed its IPO, by issuing 3,033,000 common shares of the Company $0.10 per share for gross proceeds of $303,300. Pursuant to an agency agreement (the "Agency Agreement") dated January 13, 2020, Mackie Research Capital Corporation (the "Agent") acted as agent for the Company in connection with the IPO and received a work fee, and a $30,300 cash commission equal to 10% of the gross proceeds. The Company also granted the Agent and members of its selling group non-transferrable warrants to purchase up to an aggregate of 303,300 common shares of the Company at a price of $0.10 per share until April 13, 2022. The Company also agreed to pay the Agent a non-refundable $15,000 work fee and pay up to $15,000 of the Agent's due diligence cost related to the offering including its legal costs.

j.

<u>During the period from incorporation on April 1 to December 31, 2019:</u>

ii. In April 2019, The Company issued 3,000,000 common shares at $0.01 for gross proceeds of $30,000.

iii. In April 2019, the Company issued 150,000 common shares at a fair value of $0.025 per share per Note 4(a(ii)).

iv. In June 2019, the Company completed a 13,000,000 Unit private placement financing at $0.025 per Unit for gross proceeds of $325,000. Each Unit consisted of a Share and a whole Warrant, each Warrant entitling the holder to purchase an additional Share for an exercise price of $0.10 per Share up to five years from issuance.

c) Warrants

Share purchase warrant transactions are summarized as follows:

		Weighted Average	
	Number	Exercise Price	Remaining Life in Years
Balance, at incorporation	-	$ -	-
Issued	13,000,000	0.10	5.00
Balance, December 31, 2019	13,000,000	0.10	4.30
Issued	303,300	0.10	2.00
Balance, at June 30, 2020	13,303,300	$ 0.10	4.00

(Expressed in Canadian Dollars – prepared by Management)

Share purchase warrants outstanding at June 30, 2020 are:

Number	Exercise Price	Expiry Date
303,300	$0.10	April 13, 2022
13,000,000	$0.10	July 17, 2024
13,303,300		

Using the Black-Scholes method and variables below, the fair-value of the 303,000 Agent's warrants was calculated to be $12,590 which was debited to share issue costs and credited to share-based payments reserve.

Risk-free interest rate	1.85%
Expected life of agent's options	2 years
Annualized volatility	75.00%
Dividend rate	0.00%

d) Deferred financing costs

Per the terms of the Agency Agreement described in Note 5(b)(i), the Company paid $10,000 to the agent upon signing which was initially classified as deferred financing costs. Upon closing the IPO, the deferred financing costs were reclassified to share issue costs.

6. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

The Company had the following transactions involving officers and directors for the six months ended June 30, 2020:

i. Administration expenses of $3,000 and management fees of $4,500 (2019 - $3,000 and $4,500) were paid or accrued for accounting services to an officer of the Company;
ii. Management fees of $18,000 (2019 - $12,000) and exploration expenditures of $Nil (2019 - $63,129) were paid or accrued to a company controlled by an officer of the Company; and
iii. Professional fees of $1,600 (2019 - $Nil) and exploration expenses of $1,400 (2019 - $5,363) were paid or accrued to a director of the Company.

The 2019 amounts above refer to the period from incorporation on April 1, 2019 to June 30, 2019.

Included in accounts payable and accrued liabilities at June 30, 2020 is $Nil (December 31, 2019 - $38,640) owed to related parties.

7. FINANCIAL INSTRUMENTS

Fair value

The carrying value of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below:

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company plans to limit its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash that is denominated in United States Dollars. Management believes the risk is not currently significant as less than 2% of the Company's cash is denominated in United States Dollars as at June 30, 2020 and December 31, 2019.

8. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company is not subject to external capital restrictions.

9. COMMITMENTS

i. On April 1, 2019 the Company entered into an executive consulting agreement (the "executive agreement") with a private company controlled by the CEO ("priveco") of the Company which will pay the priveco $4,000 per month. The term of the executive agreement is indeterminate. However, within the 1st twelve (12) months, the executive agreement may be terminated by the Company by giving the priveco three (3) months' notice. Thereafter, the executive agreement may be terminated by the Company, for Cause without notice; on or before March 31, 2020, by the Company on three (3) months prior notice to the priveco or payment in lieu thereof at the mutual agreement of the parties; after March 31, 2020,on six (6) months prior notice to the priveco, or payment in lieu thereof at the mutual agreement of the parties; and by the Company for the reason of the death or disability of the CEO without prior notice and without further obligation to the priveco. Effective January 1, 2020, an amendment to the executive agreement was signed which reduced the monthly rate to $3,000. All other terms of the executive agreement remain the same.

ii. In April 2019, the Company entered into an administrative services agreement (the "admin agreement") with an arm's length private company ("adminco"), which will pay the adminco $2,500 per month to provide Chief Financial Officer and administration services for an initial one (1) year term. The admin agreement will renew annually unless the Company gives one (1) months' notice to adminco to terminate the admin agreement. Effective January 1, 2020, an amendment to the admin agreement was signed which reduced the monthly rate to $1,500. All other terms of the admin agreement remain the same.