ABT Capital Markets Inc.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2020 AND 2019

(Expressed in Canadian Dollars)
(Unaudited)

NOTICE TO READER
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED 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 consolidated interim financial statements; the statements must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor. The company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of financial statements by an entity's auditor.

Management has prepared the information and representations in this interim report. The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgment. The condensed consolidated interim financial information presented throughout this report is consistent with the data presented in the condensed consolidated interim financial statements.

The company maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced.

"John Gan"
Chief Executive Officer
ABT Capital Markets Inc.
July 15th, 2020

ABT Capital Markets Inc.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	Note	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
		$	$
ASSETS			
Current Assets			
Cash		63,412	71,503
Short term investments	4 & 10	1,588,155	1,370,655
Due from related parties	6	14,215	7,737
Prepaid expenses and deposits		139	347
		1,665,921	1,450,242
LIABILITIES			
Accounts payable and accrued liabilities		33,876	24,086
Due to related parties	6	134,348	98,776
Convertible debentures	5	280,947	264,400
		449,171	387,262
Promissory notes	7	76,000	76,000
		525,171	463,262
RETAINED EARNINGS			
Share capital	8	515,641	515,641
Equity portion of convertible debentures	6	34,440	18,830
Retained earnings		161,976	182,591
Accumulated other comprehensive income		428,693	269,918
		1,140,750	986,980
		1,665,921	1,450,242

Nature and continuance of operations (Note 1)
Subsequent event (Note 12)

ABT Capital Markets Inc.

Condensed Consolidated Interim Statements of Comprehensive Income
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Three Months ended March 31 2020	Three Months ended March 31 2019	Nine Months ended March 31 2020	Nine Months ended March 31 2019
		$	$	$	$
Expenses					
Business developments		3,072	3,559	4,898	21,145
Development expense		-	-	-	15,671
Directors fees	6	-	-	-	82,500
Interest expense	5	29,712	5,393	41,885	8,898
Office and miscellaneous		614	4,000	14,038	40,545
Professional fees		3,068	3,664	15,626	23,879
Promotion		-	3,675	-	41,243
Regulatory and transfer agent fees		7,203	2,146	8,667	7,063
		43,669	22,437	85,114	240,944
Loss before other income		(43,669)	(22,437)	(85,114)	(240,944)
Other income					
Gain on assets acquisition	4	-	-	-	648,538
Net income (loss) before taxes		(43,669)	(22,437)	(85,114)	407,594
Deferred tax recovery		5,774	-	64,499	-
Net income (loss)		(37,895)	(22,437)	(20,615)	407,594
Other comprehensive income					
Unrealized gain on fair value through other comprehensive income investment	11	-	-	217,500	-
Less: Deferred income tax expense		-	-	(58,725)	-
Comprehensive income		(37,895)	(22,437)	138,160	407,594
Basic and diluted income per common share					
Class A common shares		(0.00)	(0.00)	(0.00)	0.02
Class B common shares		(0.00)	(0.00)	(0.00)	0.04
Weighted average number of common shares outstanding					
Class A common shares		18,356,282	18,356,282	18,356,282	18,356,282
Class B common shares		10,000,000	10,000,000	10,000,000	10,000,000

ABT Capital Markets Inc.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital				Equity portion of convertible debentures	Retained earnings	Accumulated other comprehensive income	Total
	Class A		Class B					
	Number	Amounts	Number	Amounts	(Note 5)	(deficit)		
		$	$	$	$	$	$	$
Balance June 30, 2018	18,356,282	464,968	10,000,000	50,673	-	(327,445)	-	188,196
Equity portion of convertible debentures	-	-	-	-	25,795	-	-	25,795
Comprehensive income	-	-	-	-	-	438,029	-	438,029
Balance, March 31, 2019	18,356,282	464,968	10,000,000	50,673	25,795	110,584	-	652,020
Balance June 30, 2019	18,356,282	464,968	10,000,000	50,673	18,830	182,591	269,918	986,980
Equity portion of convertible debentures	-	-	-	-	15,610	-	-	15,610
Unrealized gain on fair value through other comprehensive income investment	-	-	-	-	-	-	158,775	158,775
Net income	-	-	-	-	-	(20,615)	-	(20,615)
Balance, March 31, 2020	18,356,282	464,968	10,000,000	50,673	34,440	161,976	428,693	1,140,750

ABT Capital Markets Inc.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

		Nine Months Ended	
		March 31, 2020	March 31, 2019
		$	$
Operating activities			
Net income (loss) for the period		(20,615)	407,594
Items not involving cash:			
Deferred income tax recovery		(64,499)	-
Gain on assets acquisition		-	(648,538)
Interest accretion		37,930	8,787
		(47,184)	(232,157)
Changes in non-cash working capital items:			
Prepaid		208	18,775
Accounts payables and accrued liabilities		9,790	(14,041)
Due to related parties		29,095	20,814
		(8,091)	(206,609)
Investing activity			
Cash received on assets acquisition	4	-	72,749
Financing activity			
Promissory note		-	10,000
Decrease in cash		(8,091)	(123,860)
Cash, beginning		71,503	201,936
Cash, ending		63,412	78,076
Non-cash transactions:			
Issuance of convertible debentures for debt settlement (Note 6)		291,924	275,899
Mature of convertible debentures		(275,899)	

The accompanying notes are an integral part of these condensed consolidated interim financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

ABT Capital Markets Inc. (the “Company”) was incorporated in British Columbia on April 15, 2014 as a wholly owned subsidiary of Codebase Ventures Inc. (formerly 360 Blockchain Inc. or 360 Capital Financial Services Group) (“Codebase”). On April 24, 2014, Codebase completed a Plan of Arrangement (“Arrangement Agreement”). Under the Arrangement Agreement, Codebase transferred all business plans, contact information of investors, contractors and consultants in relation to a business of foreign investments in Canada and $1,000 to the Company. In exchange for the assets and cash, on April 6, 2018, the Company issued 2,192,706 common shares (pre-consolidated 43,854,112 common shares) to Codebase shareholders, equal to the pro rata number of Codebase shares held by Codebase shareholders at the close of business on July 10, 2014 (Note 5). On March 27, 2018, the Company changed its name to ABT Capital Markets Inc.

The Company’s registered address is 1150 - 789 West Pender St. Vancouver, V6C 1H2.

On March 11, 2020, various authorities declared a pandemic related to COVID 19 resulting in restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. These restrictions are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. The pandemic could have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. The Company believes that these potential delays are temporary and it expects to resume its pursuits as restrictions are alleviated. The duration and effects of the restrictions are not currently determinable and no provision has been made in these financial statements for any effects that the Company may experience if the restrictions are other than temporary.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes 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 Company’s continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully raise the capital to implement the investment plan. These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The success of the Company is dependent upon certain factors that may be beyond management’s control. If the Company is unable to fund its investments, its business, financial condition or results of operations could be materially and adversely affected. While the Company is actively developing its business plan, it has never generated revenues or profits and it has no significant capital resources at its disposal. All of these facts give rise to a material uncertainty which casts significant doubt about the Company’s ability to continue as a going concern.

These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

a) Statement of Compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”) and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company’s most recently prepared audited annual financial statements for the fiscal year ended June 30, 2019.

The policies applied in these condensed consolidated interim financial statements are consistent with the policies disclosed in Notes 2 and 3 of the audited annual financial statements for the year ended June 30, 2019.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on July 15th, 2020.

b) Basis of Measurement

These condensed consolidated interim financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts are expressed in Canadian dollars unless otherwise stated.

c) Basis of Consolidation

These condensed consolidated interim financial statements for the period ended March 31, 2020 and 2019 include the assets and operations of the Company and its 80% subsidiary 360 Securities Ltd. (“360 Securities”).

All significant inter-company balances and transactions have been eliminated upon consolidation.

d) Functional Currency

The functional and presentation currency of the Company and its subsidiary is the Canadian dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

<u>Significant accounting judgments and estimates</u>

The preparation of these condensed consolidated interim financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The condensed consolidated interim financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the 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 the revision affects both current and future periods.

Significant areas requiring the use of management estimates include the fair value of assets acquired, effective interest rates on liability and equity components of convertible debentures, discount rate of convertible debts, impairment of investments, fair value of share capital and financial instruments. Actual outcomes could differ from these judgements and estimates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments with a significant risk of material adjustment in the year:

(i) Going concern

The assessment of the Company's ability to execute its strategy by effectively operating the Company involves judgement. Management closely monitors the operations and cash flows in the Company. Further information regarding going concern is outlined in Note 1.

(ii) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the statements of financial position and comprehensive income or loss.

(iii) Financial instruments

The classification of financial instruments as amortized cost, fair value through other comprehensive income, or through profit or loss.

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 one year or less.

Deferred finance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issuance costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to warrants and options reserve. Consideration received on the exercise of stock options is recorded as share capital and the related amount in warrants and options reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from share-based payments reserve. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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 probable that a deferred income tax asset will be recovered, the deferred income tax asset is not recognized. 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.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share 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.

Financial instruments

(i) Financial assets - Classification
The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“FVOCI”), or through profit or loss (“FVTPL”)), and
- Those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Financial assets - Measurement
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method. The Company has classified its due from related parties as amortized cost.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest method. The Company has designated short term investments at FVOCI.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Comprehensive Income (Loss) in the period in which it arises.

(iv) Financial liabilities
The Company classifies its financial liabilities into the following categories:
- Financial liabilities at FVTPL; and
- Amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows:
- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not designate any financial liabilities at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) Financial liabilities (continued)

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company has classified its accounts payable, due to related parties, convertible debentures and promissory notes as amortized cost.

Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. The Company has not had other comprehensive income since inception.

Changes in accounting policy

During the period ended March 31, 2020, the Company adopted the following new accounting standard and interpretation.

- IFRS 16 Leases

The adoption of this accounting policy has no impact to the condensed consolidated interim financial statements.

(Expressed in Canadian Dollars)

4. ASSETS ACQUISITION

On April 27, 2018, the Company entered into a Share Purchase Agreement ("Agreement") with Codebase Ventures Inc. (formerly 360 Blockchain Inc.) to acquire the following:

- 80% of all of the issued and outstanding shares of 360 Securities Ltd.
- Balances of the bank accounts of Global MGA (Hong Kong) Limited ("Global MGA") and Mega Bright Financial Incorporated ("Mega Bright")
- 40,000 common shares of LottoGopher Holdings Inc. ("LottoGopher")
- 2,175,000 common shares of Silver Maple Ventures Inc. ("Silver Maple")

In consideration, the Company assumed certain liabilities of the above companies for a total of $425,111. Of the $425,111, $412,611 was due to the directors of the Company. In addition, the Company also assumed all the contingent liabilities of the two consulting agreements owing to the directors of the Company. The Agreement was closed on December 31, 2018, which was determined based on the completion of assets transferred to the Company.

The Company determined that the transaction for purchasing 80% of Codebase Ventures Inc. is an asset acquisition as the assets acquired did not constitute a business. The unallocated difference between consideration paid and the fair value of the assets acquired was recognized as a gain.

The following table presents the allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the closing date:

	Note	$
Assets acquired:		
Cash from 360 Securities Ltd.		68,369
Cash from Global MGA		1,150
Cash from Mega Bright		8,000
Repayment of intercompany balances		6,117
40,000 common shares of LottoGopher Holdings	(i)	400
2,175,000 common shares of Silver Maple Ventures	(ii)	1,000,500
Total assets acquired		1,084,536
Less: liabilities assumed		
Liabilities from Mega Bright		(174,111)
Liabilities from 360 Securities Ltd.		(76,000)
Bonuses to directors		(175,000)
Total liabilities assumed		(425,111)
Gain on assets acquisition		659,425

(i) Valuation of LottoGopher was based on the share price as of December 31, 2018, which was $0.01 per share

(ii) Valuation of Silver Maple was based on the fair value of the recent trading price in 2018, which was $0.46 per share.

(Expressed in Canadian Dollars)

5. CONVERTIBLE DEBENTURES

On November 2, 2018, the Company issued two convertible debentures to a director and an officer as repayments of related party loans. The two convertible debentures have the same terms with total principal amount of $275,899. The principal amount of the convertible debentures can be convertible at the holder's option into fully paid common shares in the capital of the Company at any time prior to maturity on December 31, 2019, at a conversion price of $0.05 per share. Interest on the debentures shall be paid upon maturity, at an annual rate of interest of 5% per annum. Interest expense in the amount of $16,024 has been recorded for these debentures.

On December 31, 2019, upon maturity, the principals and interests on these debentures were renewed into two new convertible debentures at 8% per annum, due December 31, 2020. The debentures can be convertible at the holder's option into common shares at $0.05 per share. Interest expense of $10,407 was recorded in these two new debentures

The following table summarizes accounting for the convertible debentures and the amounts recognized as liability and equity during the period:

Original convertible debentures:

	$
Principal	
Issued on November 2, 2018	275,899
Liability	
Principal	275,899
Equity component allocated	(25,795)
Liability component initially recognized	250,104
Accretion expense	14,296
Balance at June 30, 2019	264,400
Accretion expense	11,499
Interest upon maturity	16,024
Transfer to new convertible debenture	(291,923)
Balance at December 31, 2019	-
Equity	
Equity component allocated	25,795
Less: deferred income tax expense recognized	(6,965)
Balance at December 31, 2019	18,830

(Expressed in Canadian Dollars)

5. CONVERTIBLE DEBENTURES (continued)

New convertible debentures:

	$
Principal	
Issued on January 1, 2020	291,924
Liability	
Principal	291,924
Equity component allocated	(21,384)
Liability component initially recognized	270,540
Accretion expense	10,407
Balance at March 31, 2020	280,947
Equity	
Equity component allocated	21,384
Less: deferred income tax expense recognized	(5,774)
Balance at March 31, 2020	15,610

For accounting purposes, the convertible debentures are separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue was determined based on an estimated rate of 8.82% for convertible debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the convertible debentures and the fair value of the liability component. After initial recognition the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible debentures at an effective interest rate of approximately 8.54%.

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS

The Company has identified its Directors, Chief Executive Officer, and Chief Financial Officer as its key management personnel and the compensation costs for key management personnel were recorded at their exchange amounts as agreed upon by transacting parties. Compensation for key management personnel for the period ended March 31, 2020 comprised of directors' fees of $nil (six months ended March 31, 2019 - $82,500).

As at March 31, 2020 and June 30, 2019, the Company has the following balances with related parties:

	March 31, 2020	June 30, 2019
	$	$
Due from related parties:		
Plenus Investment Ltd., a company under common control	5,912	2,206
ABT Singapore, a company under common control	5,531	5,531
Lucky Tangent TM, a company under common control	2,772	-
	14,215	7,737
Due to directors and companies controlled by directors	134,348	98,776
Convertible debentures	280,947	264,400
Promissory notes	76,000	76,000

Balances due from to related parties are unsecured, do not bear any interest and have no fixed terms of repayment.

On December 31, 2018, upon closing of the Asset Purchase Agreement, the Company assumed the following liabilities from related parties (see Note 4):
- $174,111 from Mega Bright;
- $76,000 promissory note from 360 Securities; and
- $175,000 management bonuses.

On November 2, 2018, the Company issued 2 convertible debentures to an officer and a Director of the Company as loan repayments. The total principal amount of these convertible debentures was $275,899 (see Note 5). On December 31, 2019, upon the maturity of these notes, the Company recorded interest expense of $16,025. On January 1, 2020, the Company issued 2 new promissory notes with total principal of $291,924, bear interest at 8%, mature on December 31, 2020. For the period ended March 31, 2020, the Company recorded interest of $10,407 on these notes.

On October 1, 2018, the Company entered into two consulting agreements with two officers for providing consulting services for annual compensation of $90,000 per officer. Should the agreement be terminated, in certain circumstances, the Company is contingently liable for a two-year severance compensation which would be calculated based on the average of the last three annual amounts paid. The severance amount will be due immediately on termination and will accrue interest on a monthly basis at the annual Bank of Canada Policy Interest rate plus 2% until repayment.

7. PROMISSORY NOTES

(a) On November 18, 2017, 360 Securities Ltd. entered an unsecured promissory note with a director to borrow $66,000 at 5% per annum, due June 30, 2020. This promissory note was assumed upon the asset acquisition on December 31, 2018 (Note 4). Interest expense in the amount of $2,475 was accrued for the period ended March 31, 2020.

(b) (b) On March 20, 2019, the Company entered into an unsecured promissory note with a director to borrow $10,000 at 8% per annum, due May 21, 2020. Interest expense in the amount of $207 was accrued for the period ended March 31, 2020.

All promissory notes, excluding accrued interest, are subject to subordination agreements, pursuant to NI 31-103, so that the principal balances of the notes are not included as a current liability for capital requirement purposes in the calculation of excess working capital. All promissory notes are unsecured.

8. CAPITAL STOCK

a. Authorized:

Unlimited Class A Common shares without par value

Unlimited Class B Super Voting common shares without par value. Each Class B share entitles to 20 votes at shareholders' meetings. The transfer of these shares is restricted and requires board approval. Each Class B share can be exchanged to one Class A common share.

b. Issued and Outstanding:

There was no change in Classes A and B common shares for the period ending March 31, 2020 and 2019.

c. Warrants:

As at March 31, 2020 and June 30, 2019, the Company has 11,904,762 warrants outstanding and exercisable at $0.075 per share, expire on May 18, 2021.

d. Stock Options:

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. As at March 31, 2020 and June 30, 2019, no options were granted or outstanding.

(Expressed in Canadian Dollars)

9. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company and repay the convertible debentures and promissory note. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

10. INVESTMENTS

	March 31, 2020		June 30, 2019	
	Cost	Fair value	Cost	Fair value
	$	$	$	$
5 class B membership shares of Vancity	5	5	5	5
40,000 common shares of LottoGopher Holdings	400	400	400	400
2,175,000 common shares of Silver Maple Ventures	1,000,500	1,588,155	1,000,500	1,370,250
	1,000,905	1,588,155	1,000,905	1,370,655

During the period ended March 31, 2020, the market value of the investment increased and an unrealized gain of $217,500 was recognized in other comprehensive income (June 30, 2019 – gain of $369,750).

11. FINANCIAL INSTRUMENTS

a) Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	March 31, 2020	June 30, 2019
		$	$
Cash	FVTPL	63,412	71,503
Short term investments	FVTOCI	1,588,155	1,370,655
Due from related parties	Amortized cost	14,215	7,737
Accounts payable	Amortized cost	33,876	24,086
Due to related parties	Amortized cost	134,348	98,776
Promissory notes	Amortized cost	76,000	76,000

(Expressed in Canadian Dollars)

Convertible debentures	Amortized cost	280,947	264,400

11. FINANCIAL INSTRUMENTS (continued)

b) Fair value of financial instruments

The Company's financial instruments consist of cash, short term investments, due from (to) related parties, accounts payable, convertible debentures and promissory notes.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices 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 that are not based on observable market data

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
As at March 31, 2020:				
Cash	63,412	-	-	63,412
Short term investments	-	1,588,155	-	1,588,155
	63,412	1,588,155	-	1,651,567
As at June 30, 2019:				
Cash	71,503	-	-	71,503
Short term investments	-	1,370,655	-	1,370,655
	71,503	1,370,655	-	1,442,158

The fair values of due from (to) related parties, accounts payable, convertible debentures and promissory notes are considered to approximate their carrying value due to their short-term maturities or ability of prompt liquidation.

c) Financial risk management objectives and policies

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.

Strategic and operational risks are risks that arise if the Company fails to raise sufficient equity and/or debt financing in financing the market development. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks.

Therefore, the Company believes that there is minimal exposure to credit risk.

11. FINANCIAL INSTRUMENTS (continued)

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Accounts payable and all other loans are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The following table summarizes the maturities of the Company's financial liabilities as at March 31, 2020 based on the undiscounted contractual cash flows:

	Carrying amount	Contractual cash flows	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
	$	$	$	$	$	$
Accounts payable	33,876	33,876	33,876	-	-	-
Due to related parties	134,348	134,348	134,348	-	-	-
Promissory notes	76,000	76,000	76,000	-	-	-
Convertible debentures	280,947	280,947	280,947			
Total	525,171	525,171	525,171	-	-	-

12. SUBSEQUENT EVENT

Subsequent to the period ended March 31, 2020, pursuant to section 41 of the Securities Act, the Company applied for the voluntary surrender of registration as exempt market dealer for 360 Securities Ltd. This surrender was effective on June 4, 2020.