



(formerly Copper One Inc.)

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the three months ended
March 31, 2020 and 2019

(unaudited)
(in Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED 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 consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated 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 condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

QuestCap Inc. (formerly Copper One Inc.)

Condensed Interim Consolidated Statements of Financial Position

Unaudited

(Expressed in Canadian dollars)

As at

	Note	March 31, 2020	December 31, 2019
ASSETS			
Current assets			
Cash		\$ 1,329,382	\$ 976
Note and loans receivable	3	327,148	1,001,930
Public investments at fair value through profit and loss	6	223,290	386,036
Private investments at fair value through profit and loss	6	560,000	380,000
Amounts receivable	4,12	1,060,695	313,695
Prepaid expenses	5,12	1,221,754	217,837
TOTAL ASSETS		\$ 4,722,269	\$ 2,300,474
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7	\$ 1,000,751	\$ 315,996
Total liabilities		\$ 1,000,751	\$ 315,996
Shareholders' Equity			
Share capital	8	\$ 21,607,990	\$ 18,922,990
Share-based payments reserves	9	767,767	400,214
Deficit		(18,654,239)	(17,338,726)
Total shareholders' equity		\$ 3,721,518	\$ 1,984,478
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 4,722,269	\$ 2,300,474
Nature of operations and going concern	1		
Commitments and contingencies	13		
Subsequent events	14		
Approved on behalf of the Directors:			
<u>"Douglas Sommerville"</u>		<u>"Daniyal Baizak"</u>	
Director		Director	

QuestCap Inc. (formerly Copper One Inc.)

Condensed Interim Consolidated Statements of Operations and Comprehensive (Loss)

Unaudited

(Expressed in Canadian dollars)

		For the three months ended March 31,	
	Note	2020	2019
		2020	2019
Net investment (loss)			
Unrealized (loss) on investment		(162,812)	-
Total investment (loss)		(162,812)	-
Other revenue			
Interest income		14,037	2,949
Total other revenue		14,037	2,949
Operating expenses			
Management and consulting fees	12	\$ 319,095	\$ 128,752
Share-based payments	9,12	367,553	-
General office and administration expenses		65,393	22,250
Shareholder communications and filing fees		74,941	21,647
Travel and promotion		185,000	162,131
Accounting and legal		28,138	21,860
Other expenses	8	125,000	-
Foreign exchange (gain)/loss		1,618	95,911
Total operating expenses		\$ 1,166,738	\$ 452,551
Net loss and comprehensive loss for the period		\$ (1,315,513)	\$ (449,602)
Loss per share			
Basic and diluted		\$ (0.04)	\$ (0.01)
Weighted average number of shares outstanding:			
Basic and diluted		37,176,373	34,190,109

QuestCap Inc. (formerly Copper One Inc.)

Condensed Interim Consolidated Statements of Cash Flows

Unaudited

(Expressed in Canadian dollars)

		For the three months ended March 31,	
	Note	2020	2019
Cash (used in) provided by operations:			
Loss for the period		\$ (1,315,513)	\$ (449,602)
Items not involving cash:			
Share-based payments	9	367,553	-
Shares issued for debt settlement	8	125,000	-
Unrealized loss on investments		162,812	-
Interest earned		(13,687)	-
		(673,835)	(449,602)
Adjustments for:			
Loans repaid	3	688,469	-
Purchase of investments	6	(300,066)	-
Disposal of investments	6	300,000	-
Return of capital on investment	6	380,000	-
Receivables		-	(168,545)
Prepaid expenses and deposits		(1,003,917)	(624,869)
Accounts payable and accrued liabilities		684,755	10,905
Net cash (used in) provided by operating activities		\$ 75,406	\$ (1,232,111)
Financing activities			
Proceeds from issuance of shares	9	2,000,000	-
Subscriptions receivable	4	(747,000)	-
Exercise of warrants/options		-	-
Net cash provided by financing activities		1,253,000	-
Change in cash		1,328,406	(1,232,111)
Cash, beginning of period		976	4,379,739
Cash, end of period		\$ 1,329,382	\$ 3,147,628
Supplemental information:			
Common shares issued for acquisitions	6	\$ 560,000	\$ -
Common shares issued for debt	8	\$ 125,000	\$ -

QuestCap Inc. (formerly Copper One Inc.)

Condensed Interim Consolidated Statements of Changes in Equity

Unaudited

(Expressed in Canadian dollars)

	Note	Number of Shares	Share Capital	Share-based payments reserve	Deficit	Total
Balance, December 31, 2018		34,190,109	\$18,922,990	\$ 520,999	\$(14,898,166)	\$ 4,545,823
Net loss for the period		-	-	-	(449,602)	(449,602)
Balance, March 31, 2019		34,190,109	\$18,922,990	\$ 520,999	\$(15,347,768)	\$ 4,096,221
Balance, December 31, 2019		34,190,109	\$18,922,990	\$ 400,214	\$(17,338,726)	\$ 1,984,478
Shares issued through private placement	8	20,000,000	2,000,000	-	-	2,000,000
Shares issued for acquisitions	8	8,000,000	560,000	-	-	560,000
Shares issued for debt settlement	8	1,250,000	125,000	-	-	125,000
Stock options granted	9	-	-	367,553	-	367,553
Net loss for the period		-	-	-	(1,315,513)	(1,315,513)
Balance, March 31, 2020		63,440,109	\$21,607,990	\$ 767,767	\$(18,654,239)	\$ 3,721,518

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

QuestCap Inc. (formerly Copper One Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2020 and 2019

(Unaudited, expressed in Canadian dollars)

1. Nature of operations and going concern

QuestCap Inc. (the "Company") operates under the *Canada Business Corporations Act*. The Company completed a change of business to an investment issuer under the rules of the Canadian Securities Exchange ("CSE") on September 4, 2019. The Company makes use of the experience, expertise and opportunity flow of its management and board of directors to opportunistically make investments that the Company believes will provide superior returns. Such investments may include the acquisition of equity, debt or other securities of publicly traded or private companies or other entities. The Company's common shares commenced trading on the CSE under the symbol "QSC" on September 5, 2019 and were delisted from the TSX Venture Exchange effective August 13, 2019. The Company announced the change of its name from "Copper One Inc." to "QuestCap Inc.", following approval by the Company's shareholders on September 25, 2019.

These condensed interim consolidated financial statements were prepared on a going concern basis of presentation, which contemplates the realization of assets and settlement of liabilities as they become due in the normal course of operations for the next fiscal year. The Company has an accumulated deficit of \$18,654,239 and working capital of \$3,721,518 as at March 31, 2020, and incurred a net loss totaling \$1,315,513 during the three months ended March 31, 2020. The Company's current source of operating cash flow is dependent on the marketability of its investments, and there can be no assurances that sufficient funding, including adequate financing, will be available to cover the general and administrative expenses necessary for the maintenance of a public company. The Company's status as a going concern is contingent upon raising the necessary funds through the sale of investments and issuance of equity or debt. Management believes its working capital will be sufficient to support activities for the next 12 months and expects to raise additional funds when required and available. There can be no assurance that funds will be available to the Company under acceptable terms or at all.

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

The condensed interim consolidated financial statements of the Company for the three months ended March 31, 2020 were reviewed, approved and authorized for issue by the Board of Directors on May 28, 2020. The head office and principal address of the Company is at Suite 805, 65 Queen Street West, Toronto, Ontario M5H 2M5.

QuestCap Inc. (formerly Copper One Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2020 and 2019
(Unaudited, expressed in Canadian dollars)

2. Significant accounting policies

Basis of preparation

The condensed interim consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, and have been prepared in accordance with accounting policies based on the IFRS standards International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The policies set out in the Company's annual consolidated financial statements for the year ended December 31, 2019 were consistently applied to all of the periods presented, unless otherwise noted.

The preparation of condensed interim consolidated financial statements in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. Certain disclosures included in annual financial statements have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2019.

These condensed interim consolidated financial statements have been prepared using the historical cost convention except for certain financial instruments, which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

New and future accounting pronouncements

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The adoption of this standard on January 1, 2020 did not have any effect on the Company's financial statements.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2020 or later. Updates that are not applicable or are not consequential to the Company have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the financial statements.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however, early adoption is permitted.

QuestCap Inc. (formerly Copper One Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2020 and 2019
(Unaudited, expressed in Canadian dollars)

2. Significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- *Fair value of investments not quoted in an active market or private company investments*
Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to Notes 6 and 11 for further details.
- *Fair value of financial derivatives*
Investments in options and warrants which are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants and options are observed at intrinsic value. Refer to Notes 6 and 11 for further details.
- *Fair value/impairment of loans receivable*
The recoverability of loans receivable is assessed when events occur indicating impairment. Recoverability is based on factors such as failure to pay interest on time and failure to pay the principal. An impairment loss is recognized in the period when it is determined that the carrying amount of the assets will not be recoverable. Convertible debentures and convertible notes issued to publicly traded companies are carried at the higher of the loan receivable value or the fair value of the common shares or units receivable from the conversion assuming the conversion can be done at the Company's option. Refer to Notes 3 and 11 for further details.
- *Share-based payments*
The Company uses the Black-Scholes option pricing model to fair value options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price of the Company's shares at date of issue, expected dividend yield, expected life, and expected volatility. Certain inputs are estimates which involve considerable judgment and are, or could be, affected by factors that are out of the Company's control. Refer to Note 9 for further details.

QuestCap Inc. (formerly Copper One Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2020 and 2019
(Unaudited, expressed in Canadian dollars)

2. Significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions (continued)

- *Investment entity*

Management has determined that the Company qualifies for the exemption from consolidation given that the Company has the following typical characteristics of an investment entity:

- a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

- *Contingencies*

See Note 13.

3. Notes and loans receivable

		March 31, 2020	December 31, 2019
Newdene Gold Inc.	Unsecured & convertible	316,482	308,721
Blue Sky Energy Inc.	Unsecured	10,666	10,353
Flora Growth Corp.	Unsecured	\$ -	682,856
		\$ 327,148	\$ 1,001,930

On November 12, 2019, the Company entered into a loan agreement with Newdene Gold Inc., whereby the Company agreed to lend \$300,000. Interest is accrued and calculated at a rate of 10% per annum, and the loan matures on November 12, 2021. The Company has the option to require that the unpaid principal, together with any unpaid interest, be satisfied by the transfer of 3,000,000 common shares of Routemaster Capital Inc. upon maturity. As at March 31, 2020, the Routemaster Capital Inc. common shares were trading at \$0.03 per share, and therefore the fair value of the conversion feature was not greater than the loan balance.

On September 16, 2019, the Company entered into a loan agreement with Blue Sky Energy Inc. ("Blue Sky") whereby the Company agreed to lend Blue Sky \$10,000. Interest is accrued and calculated at 12% per annum and is due and payable on demand by the Company. Scott Moore, a director of the Company, is a director of Blue Sky.

On August 5, 2019, the Company entered into a loan agreement with Flora Growth Corp. ("Flora") whereby the Company agreed to lend Flora up to US\$500,000 (\$709,350). Interest was accrued and calculated at a rate of 10% per annum on the drawn down principal, plus any unpaid interest. The principal and accrued interest was due and payable on demand by the Company. On February 3, 2020, Flora paid the Company \$688,469 in full satisfaction of the debt.

Deborah Battiston, CFO of the Company, is the CFO of Flora, Stan Bharti, a director of the Company, is the Executive Chairman of Flora, and Fred Leigh, a former director of the Company, is a director of Flora.

QuestCap Inc. (formerly Copper One Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2020 and 2019
(Unaudited, expressed in Canadian dollars)

4. Amounts receivable

	March 31, 2020	December 31, 2019
Subscriptions receivable	\$ 747,000	\$ -
Other (Note 12)	313,695	313,695
	\$ 1,060,695	\$ 313,695

5. Prepaid expenses

	March 31, 2020	December 31, 2019
Prepaid insurance	\$ 18,794	\$ 23,432
Prepaid expenses	1,202,960	194,405
	\$ 1,221,754	\$ 217,837

6. Investments at fair value through profit and loss

At March 31, 2020, the Company's investment portfolio consisted of two publicly held investments and one privately held investment, for a total fair value of \$783,290 (December 31, 2019: \$766,036).

Public investments

At March 31, 2020, the Company's two publicly traded investments had a total fair value of \$223,290 (December 31, 2019: \$386,036).

Public Issuer	Security description	Cost	Estimated Fair Value	% of FV
Sulliden Mining Capital Inc.	5,740,605 common shares	\$ 300,067	\$ 200,921	90.0%
Last Mile Holdings Inc. (form. OjO Electric Corp.)	172,071 common shares	\$ 86,035	\$ 22,369	10.0%
Public investments- March 31, 2020		\$ 386,102	\$ 223,290	100.0%

Public Issuer	Security description	Cost	Estimated Fair Value	% of FV
Last Mile Holdings Inc. (form. OjO Electric Corp.)	772,071 common shares	\$ 386,036	\$ 386,036	100.0%
Public investments- December 31, 2019		\$ 386,036	\$ 386,036	100.0%

On July 24, 2019, the Company entered into a convertible promissory note with OjO Electric LLC, a California limited liability company, for US\$400,000 (\$523,960). On October 16, 2019, the note was converted to 772,071 common shares of Last Mile Holdings Ltd. (formerly, OjO Electric Corp.) upon the closing of its equity financing and listing on the TSX Venture Exchange under the symbol "OJO" (currently, "MILE"). The conversion price included all principal, accrued interest and withholding taxes owed to the Company at the time of conversion.

QuestCap Inc. (formerly Copper One Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2020 and 2019
(Unaudited, expressed in Canadian dollars)

6. Investments at fair value through profit and loss (continued)

Public investments (continued)

On January 31, 2020, the Company sold 600,000 common shares of its investment in OjO Electric Corp. (currently, Last Mile Holdings Ltd.) for gross proceeds of \$300,000 to Sulliden Mining Capital Inc. ("Sulliden").

On January 31, 2020, the Company purchased 3,133,333 common shares and 2,607,272 flow-through shares of Sulliden. Deborah Battiston, CFO of the Company, is the CFO of Sulliden, and Stan Bharti, a director of the Company, is CEO and a director of Sulliden.

Private investments

At March 31, 2020, the Company's one privately held investment had a total fair value of \$560,000 (December 31, 2019: \$380,000).

Private Issuer	Security description	Cost	Estimated Fair Value	% of FV
Eco Capital Growth Corp.	100% of common shares	\$ 560,000	\$ 560,000	100.0%
Private investments- March 31, 2020		\$ 560,000	\$ 560,000	100.0%

Private Issuer	Security description	Cost	Estimated Fair Value	% of FV
Varianz Corp.	12,666,667 common shares	\$ 266,000	\$ 266,000	70.0%
	12,666,667 warrants	\$ 114,000	\$ 114,000	30.0%
Private investments- December 31, 2019		\$ 380,000	\$ 380,000	100.0%

On March 23, 2020, the Company acquired all the issued and outstanding common shares of Eco Capital Growth Corp. ("Eco Capital"). In consideration, the Company issued 8,000,000 of its common shares, resulting in the former shareholders of Eco Capital owning 12.6% of the Company on an undiluted basis. At the closing date of the transaction, the Company's common shares were trading at a price of \$0.07 per common share. As a result, the total consideration paid to acquire the investment in Eco Capital is \$560,000.

On July 29, 2019, The Company purchased 12,666,667 subscription receipts ("Subscription Receipts") of Varianz Corp., ("Varianz") at a price of \$0.03 per Subscription Receipt. Each Subscription Receipt entitled the Company to receive one unit of Varianz. Each unit was comprised of one common share of Varianz and one common share purchase warrant exercisable for a period of 24 months from the date of issue, at a price of \$0.06 per warrant.

Varianz entered into a binding letter of intent with Savanna Capital Corp. ("Savanna"), a company listed on the TSX Venture Exchange, to complete a reverse takeover of Savanna ("RTO") such that the common shares and warrants of Varianz will be converted into free trading shares and warrants of such publicly listed entity upon the completion of the RTO. Deborah Battiston, CFO of the Company, is CFO of Savanna and Fred Leigh, a former director of the Company, is a director of Savanna.

On March 29, 2020, the RTO was cancelled, and the full amount of the Subscription Receipts was returned to the Company.

QuestCap Inc. (formerly Copper One Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2020 and 2019

(Unaudited, expressed in Canadian dollars)

7. Accounts payable and accrued liabilities

	March 31, 2020		December 31, 2019	
Trade payables	\$	973,250	\$	258,011
Accrued expenses		27,501		57,985
	\$	1,000,751	\$	315,996

8. Share capital

Authorized

At March 31, 2020, the authorized share capital consisted of an unlimited number of common shares without par value.

Common shares issued

Balance, December 31, 2018 and 2019	34,190,109	\$	18,922,990
Shares issued through private placement	20,000,000		2,000,000
Shares issued for acquisitions (Note 6)	8,000,000		560,000
Shares issued for debt settlement	1,250,000		125,000
Balance, March 31, 2020	63,440,109	\$	21,607,990

On March 23, 2020, the Company completed a non-brokered private placement financing of 20,000,000 common shares, at a price of \$0.10 per common share, for gross proceeds of \$2,000,000.

On March 30, 2020, the Company issued 8,000,000 common shares of the Company to acquire 100% of the outstanding shares of Eco Capital. See Note 6.

On January 8, 2020, the Company issued 1,250,000 common shares to a private company owned by Fred Leigh, a former director of the Company, to settle \$125,000 of debt.

9. Share-based payments reserve

	Number of options	Options		Total
		Weighted average exercise price	Estimated grant date fair value of options	
December 31, 2018	1,941,800	\$ 0.25	\$ 520,999	\$ 520,999
Granted	1,700,000	0.12	156,900	156,900
Expired	(618,000)	0.39	(277,685)	(277,685)
December 31, 2019	3,023,800	\$ 0.15	\$ 400,214	\$ 400,214
Granted	2,490,000	0.16	367,553	367,553
March 31, 2020	5,513,800	\$ 0.16	\$ 767,767	\$ 767,767

QuestCap Inc. (formerly Copper One Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2020 and 2019

(Unaudited, expressed in Canadian dollars)

9. Share-based payments reserve (continued)

The Company has a stock-option plan whereby the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the plan will be for a term not to exceed 5 years.

The following options were in existence at March 31, 2020:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price (\$)	Fair value at grant date (\$)	Grant date share price (\$)	Expected volatility	Expected life (years)	Expected dividend yield	Risk-free interest rate
1,323,800	1,323,800	11-Oct-2016	11-Oct-2021	0.19	243,314	0.19	190%	5	0	0.76%
100,000	100,000	26-Sep-2019	26-Sep-2024	0.05	3,620	0.05	95%	5	0	1.40%
1,600,000	1,600,000	11-Oct-2019	11-Oct-2024	0.125	153,280	0.125	104%	5	0	1.52%
2,490,000	1,990,000	30-Mar-2020	30-Mar-2025	0.16	367,553	0.23	105%	5	0	0.62%
5,513,800	5,013,800				767,767					

Options issued by the Company are priced using the Black-Scholes option-pricing model. Where relevant, the expected life used in the model is adjusted based on managements' best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. The expected life of the option is calculated based on the history of option exercises. The weighted average remaining contractual life of the options exercisable at March 31, 2020 was 3.6 years (December 31, 2019 – 3.5 years).

On March 30, 2020, the Company granted 2,490,000 to certain directors, officers, and consultants of the Company. 1,990,000 of the stock options vest immediately and the remaining 500,000 stock options vest in four equal quarterly installments ending on March 30, 2021. The vested options have an estimated value of \$367,553 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 105.0%; risk-free interest rate of 0.62%; and an expected average life of 5 years.

10. Capital management

The Company considers its capital structure to consist of share capital and share purchase options. The Company manages its capital structure and makes adjustments based on the funds available to support its capital management objectives:

- to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
- to give shareholders sustained growth in value by increasing shareholders' equity; while
- taking a conservative approach towards financial leverage and management of financial risks

QuestCap Inc. (formerly Copper One Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2020 and 2019
(Unaudited, expressed in Canadian dollars)

10. Capital management (continued)

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. The Company is not subject to externally imposed capital requirements other than those of the Canadian Securities Exchange, where investment entities must have minimum net assets of \$2,000,000, at least 50% of which has been allocated to at least 2 specific investments. As at March 31, 2020, the Company may not be compliant with the policies of the CSE. The impact of any violation is not known and is ultimately dependent on the discretion of the CSE.

11. Financial instruments

Financial assets and financial liabilities at March 31, 2020 and December 31, 2019 are as follows:

	Financial assets at amortized cost	Assets at fair value through profit and loss	Financial liabilities at amortized cost	Total
March 31, 2020				
Cash	\$ 1,329,382	\$ -	\$ -	\$ 1,329,382
Amounts receivable	1,060,695	-	-	1,060,695
Public investments	-	223,290	-	223,290
Private investments	-	560,000	-	560,000
Note and loans receivable	10,666	316,482	-	327,148
Accounts payable and accrued liabilities	-	-	(1,000,751)	(1,000,751)
	Financial assets at amortized cost	Assets at fair value through profit and loss	Financial liabilities at amortized cost	Total
December 31, 2019				
Cash	\$ 976	\$ -	\$ -	\$ 976
Amounts receivable	313,695	-	-	313,695
Public investments	-	386,036	-	386,036
Private investments	-	380,000	-	380,000
Note and loans receivable	693,209	308,721	-	1,001,930
Accounts payable and accrued liabilities	-	-	(315,996)	(315,996)

The Company's operations involve the purchase and sale of securities. In addition, the Company may have loans receivable outstanding. Accordingly, the majority of the Company's assets are currently comprised of financial instruments which can expose it to several risks, including liquidity, credit, and market risks. A discussion of the Company's use of financial instruments and their associated risks is provided below:

Credit risk

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money or securities will not perform their underlying obligations. The total carrying value of these financial instruments at March 31, 2020 was \$1,387,843 (December 31, 2019 - \$1,315,625).

QuestCap Inc. (formerly Copper One Inc.)

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11. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. In addition, some of the investments the Company holds are lightly traded public corporations or not publicly traded and may not be easily liquidated.

The Company generates cash flow from proceeds from the disposition of its investments. There can be no assurances that sufficient funding, including adequate financing, will be available to cover the general and administrative expenses necessary for the maintenance of a public company. All of the Company's assets, liabilities and obligations are due within one year.

As at March 31, 2020, the Company had working capital of \$3,721,518 (December 31, 2019- working capital of \$1,984,478), which included cash of \$1,329,382 (December 31, 2019- \$976), investments of \$783,290 (December 31, 2019- \$766,036), note and loans receivable of \$327,148 (December 31, 2019- \$1,001,930), amounts receivable of \$1,060,695 (December 31, 2019- \$313,695) and prepaid expenses of \$1,221,754 (December 31, 2019- \$217,837), offset by current liabilities of \$1,000,751 (December 31, 2019- \$315,996). The Company expects to raise additional net working capital to finance its planned activities.

The following table shows the Company's sources of liquidity by assets at March 31, 2020:

	Total	Less than 1 year	1-3 years
Cash	\$ 1,329,382	\$ 1,329,382	\$ -
Note and loans receivable	327,148	10,666	316,482
Amounts receivable	1,060,695	1,060,695	-
Prepaid expenses	1,221,754	1,221,754	-
Public investments	223,290	223,290	-
Private investments	560,000	560,000	-
Total current assets - March 31, 2020	\$ 4,722,269	\$ 4,405,787	\$ 316,482

The following table shows the Company's sources of liquidity by assets at December 31, 2019:

	Total	Less than 1 year	1-3 years
Cash	\$ 976	\$ 976	\$ -
Note and loans receivable	1,001,930	693,209	308,721
Amounts receivable	313,695	313,695	-
Prepaid expenses	217,837	217,837	-
Public investments	386,036	386,036	-
Private investments	380,000	380,000	-
Total current assets - December 31, 2019	\$ 2,300,474	\$ 1,991,753	\$ 308,721

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11. Financial instruments (continued)

Market risk

a) Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and its functional currency is the Canadian dollar. The Company's foreign currency risk arises primarily with respect to the United States dollar. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not engage in hedging activities to mitigate this risk. The Company reduces its currency risk by maintaining minimal cash balances held in foreign currency.

As at March 31, 2020, the Company had the following financial assets and liabilities denominated in foreign currencies (amounts posted in Canadian dollars):

March 31, 2020	United States dollars
Cash	\$ 321,024
Trade and other payables	(332,796)
	\$ (11,772)

A 10% increase in the value of the Canadian dollar against all foreign currencies in which the Company held financial instruments as of March 31, 2020 would result in an estimated increase (decrease) in income of approximately (\$1,500) (December 31, 2019 - \$(62,000)).

b) Interest rate risk

A 10% increase in interest rates based on the balance of cash and cash equivalents at March 31, 2020, would result in a negligible increase in annual interest income.

c) Price and concentration risk

The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at unfavourable prices.

Two investments at fair value through profit and loss make up approximately 16% of the Company's assets and one loan receivable makes up approximately 6.5% of the Company's assets. The price of gold and the unknown risks related to COVID-19 could affect the value of these financial instruments. For the three months ended March 31, 2020, a 10% decrease in the value of these concentrated positions would result in a decrease in before-tax income of approximately \$20,000.

Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

- 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 or indirectly; and
- Level 3- Inputs that are not based on observable market data.

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11. Financial instruments (continued)

Fair value hierarchy (continued)

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at March 31, 2020:

	Level 1	Level 2	Level 3	TOTAL
As at March 31, 2020				
Public investments	\$ -	\$ 223,290	\$ -	\$ 223,290
Private investments	-	-	560,000	560,000
Loan receivable	-	316,482	-	316,482
Total	\$ -	\$ 539,772	\$ 560,000	\$ 1,099,772

Level 2 Hierarchy

At March 31, 2020, the 172,071 common shares of Last Mile Holdings Ltd. (formerly OjO Electric Corp.) were held in escrow, and therefore the full value of the investment of \$22,369 has been recorded at Level 2 of the fair value hierarchy.

At March 31, 2020, the 5,740,605 common shares of Sulliden were held in escrow, and therefore the full value of the investment of \$200,921 has been recorded at Level 2 of the fair value hierarchy.

The loan receivable from Newdene Gold Inc. has a conversion feature as disclosed in Note 3. As of March 31, 2020, the fair value of the conversion feature was assessed to be less than the fair value of the loan receivable based on the market price of the underlying security to be received upon conversion. The loan receivable balance has been recorded at Level 2 of the fair value hierarchy.

Level 3 Hierarchy

Within Level 3, the Company includes private company investments that are not quoted on an exchange. The key assumptions used in the valuation of these investments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly traded companies.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at March 31, 2020:

Description	Fair value	Valuation technique	Significant unobservable input(s)	Range of significant unobservable input(s)
Eco Capital Growth Corp.	\$ 560,000	Net asset value	Marketability of shares	0% discount

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11. Financial instruments (continued)

Fair value hierarchy (continued)

Eco Capital Growth Corp.

The valuation at March 31, 2020 was based on the fair value of the Company's common shares issued in the transaction. Management has determined that there are no reasonable possible alternative assumptions that would change the fair value significantly as at March 31, 2020. A 10% change in fair value would result in a change of income of approximately \$56,000 at March 31, 2020. Had the Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately \$28,000 in income.

As valuations of investments for which market quotations are not readily available are inherently uncertain, may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments. Such changes may have a significant impact on the Company's financial condition or operating results.

12. Related party transactions and balances

Related Party Disclosures

Refer to Notes 3, 6, and 14.

Related Party Transactions

During the three months ended March 31, 2020 and 2019, the Company entered into the following transactions in the ordinary course of business with related parties from an accounting perspective that are not subsidiaries of the Company.

	Purchase of goods and services			
	Three months ended March 31,			
	2020		2019	
Forbes & Manhattan, Inc.	\$	-	\$	30,000
2227929 Ontario Inc.	\$	101,700	\$	30,000

Mr. Stan Bharti is the Executive Chairman of Forbes. The Company is part of the Forbes Group of Companies and continues to receive the benefits of such membership, including access to various professionals, and strategic advice from the Forbes Board of Advisors. An administration fee of \$10,000 per month through April 2019 and \$25,000 per month from May 2019 was charged by Forbes pursuant to a consulting agreement. On March 14, 2019, Mr. Bharti was appointed President and CEO and director of the Company, and as a result amounts paid to Forbes from April 1, 2019 are included as part of compensation of key management, directors and officers. As at March 31, 2020, receivables included \$125,000 (December 31, 2019: \$210,195) owing from Forbes. These receivables are unsecured, non-interest bearing and due on demand.

As at March 31, 2020, the Company had an amount receivable of \$103,500 from Aberdeen International Inc. (December 31, 2019: \$103,500). The receivable is unsecured, non-interest bearing and due on demand. Stan Bharti, a director and officer of the Company, is a director and officer of Aberdeen.

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12. Related party transactions and balances (continued)

The Company shares office space with other corporations who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment, supplies, and certain other services are administered by 2227929 Ontario Inc., to whom the Company pays a monthly fee. For the three months ended March 31, 2020, the Company was charged \$101,700 for these services (three months ended March 31, 2019: \$30,000). In addition, as at March 31, 2020, prepaid expenses included a \$69,500 (December 31, 2019: \$171,200) advance paid to 2227929 Ontario Inc. Fred Leigh, a former director of the Company, is a director of 2227929 Ontario Inc.

Compensation of Key Management, Directors and Officers

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2020 and 2019 were as follows:

	Three months ended March 31,	
	2020	2019
Short-term benefits	\$ 156,504	\$ 60,000
Share-based payments	209,635	-

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

During the three months ended March 31, 2020, the Company granted a total of 1,135,000 stock options to key management, directors, and officers of the Company (three months ended March 31, 2019: nil).

13. Commitments and contingencies

Management contracts

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to approximately \$3,300,000 to be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements. Additional minimum management contract commitments remaining under these contracts approximate \$370,000 due within one year.

Legal Proceedings

The Company is from time to time named in various legal proceedings. The Company has not estimated or accrued any amounts related to such proceedings as they are believed to be without merit.

14. Subsequent events

On April 2, 2020, the Company granted 500,000 stock options to a consultant of the Company pursuant to the Company's stock option plan. The stock options vest in four equal quarterly installments and may be exercised at a price of \$0.305 per option for a period of five years from the date of grant.

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14. Subsequent events (continued)

On April 9, 2020, the Company announced it is partnering with Sinai Health Foundation to support the development of a diagnostic test for COVID-19. Under the agreement, the Company has agreed to provide \$500,000 in funding to the program. The Company paid the first installment of \$125,000 on May 8, 2020.

On April 13, 2020, the Company issued 15,000,000 of the Company's common shares to acquire 40% of the issued and outstanding shares of Amino Therapeutics Inc. ("Amino"). Additional terms of the agreement are as follows:

- The Company committed to inject \$1 million USD of cash on the closing date, \$500,000 USD 60 days from the closing date and \$500,000 USD 120 days from the closing date;
- Amino agreed to issue a warrant entitling the Company to purchase an additional 9% equity in Amino for \$2 million with an expiry of 24 months from the closing date;
- Amino's parent company, Exponential Genomics Inc. ("Exponential"), agreed to issue a warrant entitling the Company to acquire up to a 9.9% equity in Exponential for \$2 million USD for a period of 12 months from the closing date.

On April 15, 2020, the Company granted 1,000,000 stock options to consultants of the Company pursuant to the Company's stock option plan. The stock options vest in four equal quarterly installments and may be exercised at a price of \$0.59 per option for a period of five years from the date of grant.

On April 20, 2020, the Company granted 500,000 stock options to a consultant of the Company pursuant to the Company's stock option plan. The stock options vest immediately and may be exercised at a price of \$0.47 per option for a period of five years from the date of grant.

On April 21, 2020, the Company issued 6,000,000 of the Company's common shares to acquire 49% of the issued and outstanding shares of Athletic and Health Solutions Inc.

On April 21, 2020, the Company issued a promissory note (the "Note") in the amount of USD\$7,700,000 to an arm's length third party lender (the "Lender").

No interest is payable under the terms of the Note.

As additional consideration for providing the Note, the Company has agreed to pay the Lender an origination fee of US\$1,300,000 and to issue to the Lender 6,000,000 common shares as a loan bonus, subject to any applicable regulatory approvals. The origination fee forms part of the principal owing under the Note, consequently USD\$9,000,000 is due at maturity.

The Note provides for security over all of the assets of the Company and is due within 60 days from the date of issuance, subject to an extension of 30 days at the option of the Lender, or upon an event of default.