
CLUNY CAPITAL CORP.
(a capital pool company)
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cluny Capital Corp.

Opinion

We have audited the financial statements of Cluny Capital Corp., (the "Company"), which comprise the statement of financial position as at December 31, 2020 and 2019 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$170,210 during the year ended December 31, 2020. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management discussion and analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Octavio Cabral.

RSM Canada LLP

Chartered Professional Accountants

Licensed Public Accountants

April 13, 2021

Toronto, Ontario

Cluny Capital Corp.
Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2020	December 31, 2019
ASSETS		
Current assets		
Funds in trust (note 4)	\$ 139,585	\$ 92,126
Total assets	\$ 139,585	\$ 92,126
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 26,011	\$ 27,209
Convertible debentures (note 5)	-	51,417
Total liabilities	26,011	78,626
Equity		
Share capital (note 6)	1,001,454	740,322
Stock option reserves (note 7)	119,210	119,210
Contributed surplus	65,144	55,992
Deficit	(1,072,234)	(902,024)
Total equity	113,574	13,500
Total liabilities and equity	\$ 139,585	\$ 92,126

Approved on behalf of the Board:

"Michael Frank", Director

"James Greig", Director

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

Cluny Capital Corp.**Statements of Loss and Comprehensive Loss**
(Expressed in Canadian Dollars)

	Year Ended December 31,	
	2020	2019
Expenses		
Professional expenses	\$ 142,117	\$ 110,990
Listing fees	10,020	9,669
Accretion (note 5)	6,431	12,249
Loss on early redemption of convertible debentures (note 5)	9,729	-
Interest expense (note 5)	1,913	3,390
Net loss and comprehensive loss for the year	\$ (170,210)	\$ (136,298)
Basic and diluted net loss for the year (note 9)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding	9,762,098	6,933,700

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

Cluny Capital Corp.**Condensed Interim Statements of Changes in Equity****Years Ended December 31, 2020 and 2019****(Expressed in Canadian Dollars)**

	Share Capital		Stock Option Reserves	Contributed Surplus	Accumulated Deficit	Total
	Number of Shares	Amount				
Balance, December 31, 2018	9,233,700	\$ 740,322	\$ 119,210	\$ 44,146	\$ (765,726)	\$ 137,952
Equity component of convertible debenture (note 5)	-	-	-	11,846	-	11,846
Net loss and comprehensive loss for the year	-	-	-	-	(136,298)	(136,298)
Balance, December 31, 2019	9,233,700	\$ 740,322	\$ 119,210	\$ 55,992	\$ (902,024)	\$ 13,500
Private placement (note 6)	4,400,000	220,000	-	-	-	220,000
Share issue costs (note 6)	-	(33,680)	-	9,152	-	(24,528)
Equity component of convertible debenture (note 5)	-	-	-	11,300	-	11,300
Conversion of convertible debenture (note 5)	1,058,535	74,812	-	(11,300)	-	63,512
Net loss and comprehensive loss for the year	-	-	-	-	(170,210)	(170,210)
Balance, December 31, 2020	14,692,235	\$ 1,001,454	\$ 119,210	\$ 65,144	\$ (1,072,234)	\$ 113,574

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

Cluny Capital Corp.
Statements of Cash Flows
(Expressed in Canadian Dollars)

Year ended December 31,	2020	2019
Operating activities		
Net loss for the year	\$ (170,210)	\$ (136,298)
Accretion	6,431	12,249
Loss on early redemption of convertible debentures (note 5)	9,729	-
Non-cash working capital items:		
Accounts payable and accrued liabilities	6,037	14,132
Net cash used in operating activities	(148,013)	(109,917)
Financing activities		
Issuance of common shares (note 6)	220,000	-
Share issue costs	(24,528)	-
Net cash provided by financing activities	195,472	-
Net change in cash	47,459	(109,917)
Cash, beginning of year	92,126	202,043
Cash, end of year	\$ 139,585	\$ 92,126
Supplemental cash flow information		
Conversion of convertible debenture (note 5)	\$ 63,512	\$ -
Non-cash interest expense forgiven	\$ 7,235	\$ -

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

Cluny Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

1. Business of the Company and going concern

Cluny Capital Corp. (the "Company") was incorporated under the *Business Corporations Act (Ontario)* on August 11, 2011 and is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 Capital Pool Companies ("Policy 2.4") of the TSX Venture Exchange Inc. (the "Exchange"). The Company has no significant assets. The Company proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction (as such term is defined in Policy 2.4).

Effective March 13, 2017, the Company was transferred to the NEX trading board of the Exchange. In connection with the transfer to the NEX, a total of 500,001 common shares of the Company issued to non-arm's length parties that constituted "seed shares" under Policy 2.4 have been cancelled. The trading symbol for the Company was changed from CLN.P to CLN.H.

The registered office of the Company is located at 1 First Canadian Place, 100 King Street West, Suite 6000, Toronto, Ontario M5X 1E2.

On April 13, 2021, the directors of the Company approved the financial statements for the years ended December 31, 2020.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the year ended December 31, 2020, the Company reported a net loss of \$170,210 (December 31, 2019 - \$136,298), used net cash in operating activities of \$148,013 (December 31, 2019 - \$109,917) and has an ending cash balance of \$139,585 (December 31, 2019 - \$92,126). The Company's ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations or to obtain additional financing. However, there is no assurance that the outcome of these matters will be successful and, as a result, there are material uncertainties that might cause significant doubt regarding the going concern assumption.

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

2. Basis of presentation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of presentation

The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Cluny Capital Corp.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

Basis of presentation (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant estimates and judgments include the assumptions used for determining the amount of deferred income taxes and deferred income tax assets and liabilities including deferred income tax rate, the estimates of accounts payable and accrued liabilities, convertible debenture valuation and as more fully described in Note 5, calculation of the fair value of stock options issued, as it requires the use of estimates in determining inputs in the stock option valuation models.

Adoption of new accounting policies

Amendments to IAS 1 - Presentation of financial statements ("IAS 1") and IAS 8 - Accounting policies, changes in accounting estimates and errors ("IAS 8")

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The Company adopted the amendments to IAS 1 effective January 1, 2020, which did not have a material impact on the Company's financial statements.

Definition of a Business (Amendments to IFRS 3)

The IASB has issued Definition of a Business (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs
- narrow the definition of a business and the definition of outputs
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business

The Company has adopted this policy on January 1, 2020, and there was no material impact to the financial statements.

Cluny Capital Corp.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

Future accounting policies

Amendments to IFRS 3 “Business Combinations”

Amendments to IFRS 3 “Business Combinations” were issued in May 2020, and are effective on or after January 1, 2022, with earlier application permitted. The amendments update references within IFRS 3 to the 2018 Conceptual Framework and require that the principles in IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” be used to identify liabilities and contingent assets arising from a business combination. Adoption of these amendments is not expected to have a significant impact on the Company’s financial statements.

3. Summary of significant accounting policies

The financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss (“FVTPL”), which are stated at their fair value. The accounting policies have been applied consistently to the periods presented unless otherwise stated.

Financial Instruments

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss for the period. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.”

Cluny Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. Summary of significant accounting policies (continued)

Share capital

Common shares are classified as equity. Professional fees, consulting fees, and other costs directly attributable to the issuance of shares are recognized as a reduction of share capital. When the Company issues share capital for consideration other than cash, the transaction is recorded at the fair value of the share capital issued. When shares are issued in connection with warrants, the Company uses the relative fair value method to determine the proportion of proceeds allocated to share capital and to warrants. To determine the fair value of warrants, the Company uses the Black-Scholes option pricing model.

Stock-based compensation

The Company accounts for stock options using the fair value method. Under this method, compensation expense for stock options granted to employees is measured at fair value at the grant date using the Black Scholes option pricing model and recognized over the vesting period of the options granted.

Compensation expense for stock options granted to non-employees is measured at the fair of the goods or services received. However, if the fair value cannot be estimated reliably, the share based payment transaction is measured at the fair value of the stock options granted at the date the Company received the goods or the services using the Black-Scholes option pricing model.

Loss per share

The Company presents basic and diluted loss per share data 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 is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options, and warrants outstanding that may add to the total number of common shares.

Outstanding ordinary shares that are contingently returnable (including escrowed shares) are not treated as outstanding and are excluded from the calculation of basic earnings per share until the date the shares are no longer subject to recall.

Deferred Taxes

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred 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 tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Cluny Capital Corp.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

4. Cash restriction

The proceeds raised from the issuance of common shares, prior to completion of the Qualifying Transaction, may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares and \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company. The Company has exceeded this limit. The impact of this violation, if any, is unknown and is ultimately dependent on the Exchange.

5. Convertible debentures

On June 6, 2018, the Company completed securities for debt transactions with two arm's length service providers. Pursuant to the transactions the Company issued an aggregate of \$56,500 of unsecured convertible debentures in satisfaction of \$56,500 of indebtedness. The convertible debentures, which matured on June 6, 2019 and accrued interest at 6% per annum and the principal amount is automatically convertible into an aggregate of 941,666 common shares of the Company at a deemed price of \$0.06 per share concurrent with the closing of a Qualifying Transaction. The Company determined to satisfy the indebtedness with convertible debentures in order to preserve its cash for use on working capital and the identification and evaluation of a Qualifying Transaction.

The convertible debentures that matured on June 6, 2019 were separated into its liability component of \$44,654 and equity component of \$11,846 using the effective interest rate method with an effective interest rate of 25% per annum.

2019 Agreement

Effective June 6, 2019, the convertible debentures were amended by extending the maturity date from June 6, 2019 to June 6, 2020. As a result, the Company extinguished these two convertible debentures when they matured on June 6, 2019 and treated them as two new convertible debentures with a maturity date of June 6, 2020. The Company calculated the fair value of the conversion feature and re-allocated the convertible debentures into two components, with the debentures carried at amortized cost, and the conversion feature carried at fair value. The convertible debentures that mature on June 6, 2020 were separated into its liability component of \$44,654 and equity component of \$11,846 using the effective interest rate method with an effective interest rate of 25% per annum.

2020 Agreement

Effective June 6, 2020, the \$56,500 principal amount convertible debentures, originally issued by the Company in June 2018, were amended by extending the maturity date from June 6, 2020 to June 6, 2021. As a result, for accounting purposes, the Company redeemed these two convertible debentures when they matured on June 6, 2020 and from an accounting perspective treated them as two new convertible debentures with a maturity date of June 6, 2021. The Company calculated the fair value of the conversion feature and re-allocated the convertible debentures into two components, with the debentures carried at amortized cost, and the conversion feature carried at fair value. The convertible debentures that mature on June 6, 2021 were separated into its liability component of \$45,200 and equity component of \$11,300 using the effective interest rate method with an effective interest rate of 23.69% per annum.

On July 24, 2020, the Company completed debt conversions with the two arm's length parties holding the convertible debenture, whereby the Company issued an aggregate of 1,058,535 common shares at a deemed price of \$0.06 per share in satisfaction of \$63,512 of indebtedness owing pursuant to the \$56,500 principal amount convertible debentures. The Company recorded a loss on early redemption of convertible debentures of \$9,729 (year ended December 31, 2019 - \$nil) related to the early conversion for the year ended December 31, 2020.

As at December 31, 2020, the balance outstanding related to the convertible debentures was \$nil (December 31, 2019 - \$51,417).

During the year ended December 31, 2020, the Company recorded an accretion expense of \$6,431 (December 31, 2019 - \$12,249) and an interest expense of \$1,913 (December 31, 2019 - \$3,390).

Cluny Capital Corp.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

6. Share capital

a) Authorized share capital

Authorized unlimited common shares

b) Common shares issued

	Number of Common Shares	Amount (\$)
Balance, December 31, 2018 and December 2019	9,233,700	740,322
Private placement	4,400,000	220,000
Cost of issue	-	(33,680)
Conversion of convertible debentures (note 5)	1,058,535	74,812
Balance, December 31, 2020	14,692,235	1,001,454

As of December 31, 2020, there are 2,300,000 (December 31, 2019 - 2,300,000) common shares held in escrow, and the weighted average shares outstanding does not include shares held in escrow as they are contingently returnable.

b) Common shares issued (continued)

On June 19, 2020, the Company closed a non-brokered private placement for gross proceeds of \$220,000 through the issuance of 4,400,000 common shares at a price of \$0.05 per share. In connection with the private placement the Company recorded finder's fees of an aggregate of \$17,600, issued compensation warrants for 352,000 common shares at \$0.05 per share for 24 months with a fair value of \$9,152 (note 8), and recorded legal fees of \$6,928 (note 10).

7. Stock options

The Company issued stock options to acquire common shares as follows:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, December 31, 2018, December 31, 2019, and December 31, 2020	773,370	0.06

The following table reflects the actual stock options issued and outstanding as of December 31, 2020:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
May 23, 2028	0.06	7.40	323,370	323,370
June 6, 2028	0.06	7.44	450,000	450,000
	0.06	7.41	773,370	773,370

Cluny Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

8. Warrants

The Company issued warrants to acquire common shares as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2018 and December 31, 2019	-	-
Granted ⁽¹⁾	352,000	0.05
Balance, December 31, 2020	352,000	0.05

⁽¹⁾ The warrants issued were assigned an aggregate fair value of \$9,152 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 83.8%, risk-free rate of return 0.30% and expected life of 2 years.

The following table reflects the warrants issued and outstanding as of December 31, 2020:

Expiry Date	Exercise Price (\$)	Number of Warrants Outstanding
June 22, 2022	0.05	352,000
	0.05	352,000

9. Net loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2020 was based on the loss attributable to common shareholders of \$170,210 (December 31, 2019 - \$136,298) and the weighted average number of common shares outstanding of 9,762,098 (December 31, 2019 - 6,933,700).

Diluted loss per share did not include the effect of 773,370 stock options and 352,000 warrants as they were anti-dilutive (December 31, 2019 - 773,370 stock options and nil warrants).

10. Related party transactions

Related parties include the directors of the Company, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the year ended December 31, 2020, the Company incurred \$100,131 (December 31, 2019 - \$68,164) in legal fees (excluding disbursements, and harmonized sales tax) paid to a law firm where an officer (Robbie Grossman) of the Company is a partner. Additionally during the year ended December 31, 2020, the Company incurred \$6,928 (December 31, 2019 - \$nil) of expenses (legal fees, disbursements and harmonized sales tax) which were included in share issuance costs. As at December 31, 2020, \$9,080 (December 31, 2019 - \$7,557) was payable to the firm, in respect of expenses (legal fees, disbursements and harmonized sales tax).

Cluny Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

11. Financial Risk Management Objectives and Policies

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in note 4.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash and accrued liabilities, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As at December 31, 2020, the Company has accounts payable and accrued liabilities of \$26,011 (December 31, 2019 - \$27,209) due within 12 months and has cash and funds in trust of \$139,585 (December 31, 2019 - \$92,126), subject to restrictions (note 4), to meet its current obligations. As a result the Company has minimal liquidity risk.

12. Proposed Transaction

On November 3, 2020, the Company entered into a definitive agreement with Teonan Biomedical Inc. ("Teonan") for the proposed combination of the two companies (the "Proposed Transaction"). The Proposed Transaction is intended to constitute the Company's Qualifying Transaction (as such term is defined by the Exchange) and would result in a reverse take-over of the Company by Teonan. The parties had originally entered into a binding letter of intent on July 28, 2020.

13. Income taxes

Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian federal/provincial tax rates with the income tax expense in the financial statements:

	2020	2019
Loss before income taxes	\$ (170,210)	\$ (136,298)
Statutory rate	26.50%	26.50%
Expected income tax expense (recovery)	(45,106)	(36,119)
Items not deductible for tax purposes	(7,221)	2,376
Change in deferred tax assets not recognized	52,327	33,743
Income tax expense	\$ -	\$ -

Cluny Capital Corp.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

13. Income taxes (continued)

Deferred Income Taxes

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

	2020	2019
Deferred tax assets (liabilities)		
Non-capital loss carry forwards	272,865	223,815
Share issue costs and other	14,868	11,591
Total deferred income tax assets	287,733	235,406
Deferred income tax assets not recognized	(287,733)	(235,406)
Net deferred income tax assets	\$ -	\$ -

Loss Carry Forwards

As at December 31, 2020, the Company has non-capital tax loss carryforwards of \$1,030,000 expiring as follows:

2033	\$ 109,000
2034	58,000
2035	100,000
2036	209,000
2037	108,000
2038	122,000
2039	139,000
2040	185,000
	<u>\$ 1,030,000</u>

14. COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the successful completion of the qualifying transaction or potential delays in the timing of closing of the qualifying transaction and condition of the Corporation in future periods.

Cluny Capital Corp.

Notes to Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

15. Subsequent events

On February 10, 2021, the Company closed the Offering of Subscription Receipts at a price of \$0.25 per Subscription Receipt, for aggregate gross proceeds of \$2,875,000, being the maximum amount issuable under the Offering.

Each Subscription Receipt shall entitle the holder thereof to automatically receive, upon the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Conditions prior to the Escrow Release Deadline, without any further action required by such holder and without payment of any additional consideration, one common share in the capital of the Company following completion of the Transaction (the "Resulting Issuer" and each common share being a "Resulting Issuer Share") and one common share purchase warrant of the Resulting Issuer (each, a "Resulting Issuer Warrant") for each Subscription Receipt held. Each Resulting Issuer Warrant shall be exercisable to acquire one Resulting Issuer Share at an exercise price of \$0.50 for a period of 24 months from the closing of the Offering. The Resulting Issuer Warrants may be subject to an accelerated expiry at the discretion of the Resulting Issuer if the volume weighted average closing price of the Resulting Issuer Shares is greater than \$0.60 for a period of 10 consecutive trading days on the Exchange.

Leede Jones Gable Inc. (the "Agent") acted as agent and book-runner for the Offering. The Agent is entitled to receive a cash commission of \$214,965 (the "Cash Commission"). The Cash Commission will be paid to the Agent out of the escrowed funds upon satisfaction of the Escrow Conditions on or before the Escrow Release Deadline. In addition to the Cash Commission, the Agent is entitled to receive 920,000 non-transferable compensation options (each a "Compensation Option") upon the completion of the Transaction. Each Compensation Option is exercisable for one Resulting Issuer Share at a price of \$0.25 per Resulting Issuer Share for a period of 24 months from the closing date of the Offering.

The gross proceeds from the Offering will be held in escrow pending the satisfaction or waiver (to the extent such waiver is permitted) of certain escrow release conditions (the "Escrow Conditions"), including the completion of all conditions precedent to the Proposed Transaction, on or before April 15, 2021 (the "Escrow Release Deadline"). The Proposed Transaction would constitute Cluny's Qualifying Transaction.