

**Quinto Resources Inc.**  
**Annual Financial Statements**  
**As at January 31, 2021 and 2020**

Independent Auditor's Report	1 – 3
Statements of Financial Position	4
Statements of Loss and Comprehensive Loss	5
Statements of Changes in Equity	6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 27

## ***Independent Auditor's Report***

To the shareholders of  
**Quinto Resources Inc.:**

### ***Opinion***

We have audited the accompanying financial statements of **Quinto Resources Inc.** (the "Corporation"), which comprise the statements of financial position as at January 31, 2021 and 2020 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended January 31, 2021 and 2020, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Quinto Resources Inc.** as at January 31, 2021 and 2020 and its financial performance and its cash flows for the years ended January 31, 2021 and 2020 in accordance with International Financial Reporting Standards (IFRS).

### ***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 Corporation 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 of the financial statements, which indicates that the Corporation incurred a net loss of \$140,476 during the year ended January 31, 2021 and, as of that date, the Corporation accumulated a deficit of \$3,333,451. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Corporation'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 the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information 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 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 Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 IFRS, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 Mrs. Chantal Robidas.

A handwritten signature in black ink that reads "Thie Raymond". The signature is written in a cursive style with a large, stylized initial "T".

Montréal, Québec  
June 11, 2021

Chartered Professional Accountant Partnership LLP

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<sup>1</sup> CPA Auditor, CA, Public Accountancy Permit No. A117490

## Statements of Financial Position

As at January 31

2021

2020

	Notes		
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 70,808	\$ 21,389
Sales tax receivable		65,663	9,781
Prepaid expenses		-	466
		<u>          </u>	<u>          </u>
<b>Total assets</b>		<b>\$ 136,471</b>	<b>\$ 31,636</b>
		<u>                    </u>	<u>                    </u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 624,691	\$ 317,577
Tax credits to be refunded		1,852	3,655
		<u>          </u>	<u>          </u>
		<b>626,543</b>	<b>321,232</b>
		<u>                    </u>	<u>                    </u>
<b>Equity</b>			
Share capital	8	2,302,780	2,344,780
Contributed surplus	9	540,599	540,599
Deficit		<u>(3,333,451)</u>	<u>(3,174,975)</u>
		<b>(490,072)</b>	<b>(289,596)</b>
		<u>                    </u>	<u>                    </u>
<b>Total liabilities and equity</b>		<b>\$ 136,471</b>	<b>\$ 31,636</b>
		<u>                    </u>	<u>                    </u>

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

## Statements of Loss and Comprehensive Loss

For the years ended January 31

2021

2020

	Notes		
<b>Expenses</b>			
Professional and consultant fees		\$ 395,199	\$ 201,310
Rent		5,630	6,378
Regulatory expenses		25,630	15,636
Investors relations		8,369	3,625
Stock-based compensation		-	71,381
Office expenses		892	2,018
Travels and accommodation		79	44
Insurance		8,380	9,231
		<u>(444,179)</u>	<u>(309,623)</u>
<b>Financial revenues (expenses)</b>			
Gain on sale of 2.5% interest in the Monster Lake property	7	290,000	-
Gain on write-off of accounts payable		14,085	-
Interest and bank charges		(382)	(429)
Allowance for expected credit loss on the promissory note	6	<u>-</u>	<u>(100,000)</u>
<b>Net loss and comprehensive loss</b>		<u>\$ (140,476)</u>	<u>\$ (410,052)</u>
<b>Net loss per share basic and diluted</b>		<u>\$ (0.003)</u>	<u>\$ (0.010)</u>
<b>Weighted average number of common shares</b>		<u>41,779,998</u>	<u>41,779,998</u>

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

## Statements of Changes in Equity

For the years ended January 31, 2021 and 2020

	Number of common shares outstanding	Share capital	Contributed surplus	Warrants	Deficit	Total equity
Balance – February 1 <sup>st</sup> , 2020	41,779,998	\$ 2,344,780	\$ 540,599	\$ -	\$ (3,174,975)	\$ (289,596)
Net loss	-	-	-	-	(140,476)	(140,476)
Shares deemed repurchased on sale of 2.5% interest in the Monster Lake property (note 8)	-	(42,000)	-	-	(18,000)	(60,000)
<b>Balance – January 31, 2021</b>	<b>41,779,998</b>	<b>\$ 2,302,780</b>	<b>\$ 540,599</b>	<b>\$ Nil</b>	<b>\$ (3,333,451)</b>	<b>\$ (490,072)</b>
<b>Balance – February 1<sup>st</sup>, 2019</b>	41,779,998	\$ 2,344,780	\$ 469,218	\$ -	\$ (2,764,923)	\$ 49,075
Net loss	-	-	-	-	(410,052)	(410,052)
Stock-based compensation	-	-	71,381	-	-	71,381
<b>Balance – January 31, 2020</b>	<b>41,779,998</b>	<b>\$ 2,344,780</b>	<b>\$ 540,599</b>	<b>\$ Nil</b>	<b>\$ (3,174,975)</b>	<b>\$ (289,596)</b>

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

## Statements of Cash Flows

For the years ended January 31

2021

2020

**Operating activities**

Net loss	\$ (140,476)	\$ (410,052)
Adjustments for:		
Gain on sale of 2.5% interest in the Monster Lake property	(290,000)	-
Gain on write-off of accounts payable	(14,085)	-
Allowance for expected credit loss on the promissory note	-	100,000
Stock-based compensation	-	71,381
	<u>(444,561)</u>	<u>(238,671)</u>
Changes in non-cash working capital items:		
Sales tax receivable	(55,882)	(2,858)
Prepaid expenses	466	5,041
Accounts payable and accrued liabilities	321,199	185,539
Tax credits to be refunded	(1,803)	3,655
	<u>(180,581)</u>	<u>(47,294)</u>
<b>Cash flows used in operating activities</b>		
<b>Investing activity</b>		
Proceed from sale of 2.5% interest in the Monster Lake property, net of transaction costs	230,000	-
	<u>230,000</u>	<u>-</u>
<b>Cash flows from investing activity</b>		
	<u>49,419</u>	<u>(47,294)</u>
<b>Net increase (decrease) in cash</b>		
Cash – beginning of period	21,389	68,683
	<u>21,389</u>	<u>68,683</u>
<b>Cash – end of period</b>	\$ <u>70,808</u>	\$ <u>21,389</u>

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

## Notes to the Financial Statements

For the years ended January 31, 2021 and 2020

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### 1. Incorporation, nature of operations and going concern

Quinto Resources Inc. (formerly Quinto Real Capital Corporation hereafter the « Corporation ») was incorporated under the *Canada Business Corporation Act* on January 20, 2010 and was classified as a Capital Pool Corporation as defined in policy 2.4 (the “CPC Policy”) of the TSX Venture Exchange Inc. (the “Exchange”). The Corporation’s common shares are listed for trading on the TSX Venture Exchange. The registered office of the Corporation is located at 4000-1 Place Ville-Marie, Montréal (Québec) Canada H3B 4M4.

Shares of the Corporation are traded on TSX Venture Exchange under the symbol “QIT”. At the time of approval of these financial statements, the Investment Industry Regulatory Organization of Canada (IIROC) had halted trading of the Corporation’s shares.

On December 28, 2012, the Corporation completed its Qualifying Transaction when it acquired a 50% interest in Monster Lake mining property. The property consists of a total of 114 claims located in the Chibougamau region of Quebec. Following the Qualifying Transaction, the Corporation specializes in the acquisition, exploration and evaluation of mineral properties.

As at January 31, 2020, the Corporation’s interest in the Monster Lake mining property was limited to an interest of 2.5% (IAMGOLD of 75% and TomaGold of 22.5%). This Property remains in exploration.

On September 4, 2020, the Corporation announced that it sold its 2.5% interest in the Monster Lake property to TomaGold for a cash payment of \$250,000 and the return of 750,000 shares of Quinto held by TomaGold. The closing of the transaction took place on August 26, 2020. Therefore, as of January 31, 2021, the Corporation no longer has interest in any mining property.

These financial statements have been prepared using International Financial Reporting Standards (“IFRS”), in this case, applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. In making its assessment, management is aware of material uncertainties related to events and conditions that lend a significant doubt on the Corporation’s ability to continue as a going concern and, accordingly, of the appropriateness of the use of accounting principles applicable to a going concern, as described in the following paragraph. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary were the going concern assumption not appropriate. These adjustments could be material.

For the year ended January 31, 2021, the Corporation recorded a net loss of \$140,476 and accumulated a deficit of \$3,333,451 as at January 31, 2021. In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to pay general and administrative costs. As at January 31, 2021, the Corporation had a negative working capital of \$490,072 and cash of \$70,808. Management estimates that these funds will not be sufficient to meet the Corporation’s obligations and budgeted expenditures through January 31, 2022. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the introduction of partners and/or business combinations. While Management has been successful in seeking funding in the past, there can be no assurance it will be able to do so in the future. Furthermore, there is no assurance that such funding or initiatives will be available to the Corporation or that it will be available on terms acceptable to the Corporation, especially considering the circumstances with regards to the COVID-19 pandemic. Without new funding being available, the Corporation may be unable to continue its operations.

**Notes to the Financial Statements****For the years ended January 31, 2021 and 2020**

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**1. Incorporation, nature of operations and going concern (cont'd)**

The Corporation's year end is January 31, 2021. These financial statements were approved by the Board of Directors on June 11, 2021.

**2. Basis of preparation**

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements.

The Corporation has consistently applied the accounting policies throughout all periods presented in these financial statements.

**3. Significant accounting policies**

The significant accounting policies used in the preparation of the Corporation's financial statements are described below.

*Basis of measurement*

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flows information.

*Functional and presentation currency*

Items included in the Corporation's financial statements are measured using the currency of the primary economic environment in which the Corporation operates (the "functional currency"). The financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

*Foreign currency transactions and balances*

Revenue, expenses and non-monetary assets and liabilities denominated in foreign currencies are recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet date. Unrealized and realized translation gains and losses are reflected in the statements of loss.

*Financial instruments*

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

**Notes to the Financial Statements****For the years ended January 31, 2021 and 2020**

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**3. Significant accounting policies (cont'd)***Financial instruments (cont'd)*

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

*Financial assets*

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Amortized cost;
- At fair value through profit or loss; and
- At fair value through other comprehensive income (FVOCI).

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs or finance income.

i) Amortized cost

Financial assets classified at amortized cost are financial assets that are held within a business model whose objective is achieved by collecting contractual cash flows and meet the criteria of the contractual cash flow test performed to determine whether cash flows are solely payments of principal and interest. After initial recognition, they are measured at amortized cost using the effective interest method, less a provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The element in this category includes cash.

ii) At fair value through profit or loss

Financial assets classified at fair value through profit or loss include financial assets that do not meet the criteria of the contractual cash flow test performed to determine whether cash flows are solely payments of principal or interest and derivative financial instruments, if applicable. They are measured at fair value with gains or losses recognized in net loss. The Corporation has no financial assets in this category.

iii) At fair value through other comprehensive income

Financial assets classified at fair value through other comprehensive income include financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and meet the criteria of the contractual cash flow test performed to determine whether cash flows are solely payments of principal or interest. They are measured at fair value with gains or losses recognized in other comprehensive loss until realized; the cumulative gain or loss is then transferred to net loss. Interest calculated using the effective interest rate method and dividends are recognized in profit or loss within finance income. The Corporation has no financial assets in this category.

**Notes to the Financial Statements****For the years ended January 31, 2021 and 2020**

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**3. Significant accounting policies (cont'd)***Impairment of financial assets*

A loss allowance for expected credit losses is recognized in net loss for financial assets measured at amortized cost. At each financial position date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and, if any. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has deteriorated significantly since initial recognition and whose credit risk is low.

*Financial liabilities*

For the purpose of subsequent measurement, financial liabilities are classified into the following categories upon initial recognition:

- Amortized cost; and
  - At fair value through profit or loss.
- i) Amortized cost
- Financial liabilities classified at amortized cost are financial assets that are not classified in the “At fair value through profit or loss” category. They are initially recognized at fair value less transaction costs directly attributable. Thereafter, they are measured at amortized cost using the effective interest method, and the corresponding adjustment is attributed to net loss. Financial liabilities at amortized cost include accounts payable and accrued liabilities.

All interest-related charges are reported in profit or loss within finance costs.

- ii) At fair value through profit or loss
- Financial liabilities classified at fair value through profit or loss consist of derivative financial instruments and other financial liabilities as held-for-trading, if applicable.

Liabilities in this category are measured at fair value with gains or losses recognized in net loss.

The Corporation has no financial liabilities in this category.

**Notes to the Financial Statements****For the years ended January 31, 2021 and 2020**

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**3. Significant accounting policies (cont'd)***Financial liabilities (cont'd)*

## iii) Impairment of non-financial assets

The carrying value of non-current assets is reviewed regularly and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Non-current assets that are not depreciated are subject to an annual impairment test. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less cost to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized in net loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the estimated recoverable amount, but not exceeding the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in net loss.

*Cash and cash equivalents*

Cash and cash equivalents include cash.

*Tax credits receivable and to be refunded*

Quebec refundable credits on mining duties are recorded in the statement of operations as current income tax recovery when the Corporation's intention is to operate the property and are recorded in the statement of financial position as exploration and evaluation assets when the intention is to resell the properties. The Corporation is also entitled to refundable tax credits on qualified mining exploration and evaluation expenses incurred in the province of Quebec which are recorded against the exploration and evaluation assets in the statement of financial position. Credits related to resources and credits on mining duties are recorded at fair value when there is reasonable assurance that they will be received and the Corporation will comply with the conditions associated with them. Tax credits to be refunded of Quebec mining rights represent amounts claimed and cashed by the Corporation which have subsequently been revised by the pertaining government authority. Tax credits to be refunded are recorded at fair value when there exists an obligation towards a third party which has to result in a future settlement.

*Exploration and evaluation assets*

Exploration and evaluation assets are comprised of deferred exploration and evaluation expenditures and mining properties. Expenditures incurred on activities that precede exploration and evaluation of mineral resources, being all expenditures incurred prior to securing the legal rights to explore an area, are expensed immediately.

Exploration and evaluation assets include rights in mining properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

**Notes to the Financial Statements****For the years ended January 31, 2021 and 2020**

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**3. Significant accounting policies (cont'd)***Exploration and evaluation assets (cont'd)*

Mining rights are recorded at acquisition cost or at fair value in the event of an impairment caused by a devaluation loss. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production. These costs are expensed when properties are abandoned or when the costs recovery or access to resources become uncertain. Proceeds from property sale are recorded against the property carrying value and any excess or deficit is recorded as a gain or loss in the statement of operations. In the event of a partial sale, if the carrying value is higher than the proceeds, losses are recognized.

Exploration and evaluation expenditures include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. Generally, expenses regarding the exploration and evaluation activities are capitalized.

Exploration and evaluation costs also reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. Exploration and evaluation expenditures include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body or a proved and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies of related to surveying, transportation and infrastructure requirements;
- activities of related to permits; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Exploration and evaluation expenditures are capitalized if Management determines that there is sufficient evidence to support probability of generating positive economic return in the future. When a mine project moves into the development phase, exploration and evaluation expenditures are capitalized to mine development costs in property and equipment. When a mine project is not proved viable, all non-recoverable costs are written-off.

Exploration and evaluation expenditures include overhead expenses directly attributable to the related activities.

Cash flows attributable to capitalized exploration and evaluation costs are classified as investing activities in the statement of cash flows.

*Impairment of exploration and evaluation assets*

Exploration and evaluation assets are reviewed for impairment if there are indications that the carrying amount may not be recoverable. If indications are present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are in from dependent other assets, the Corporation estimates the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs.

**Notes to the Financial Statements****For the years ended January 31, 2021 and 2020**

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**3. Significant accounting policies (cont'd)***Impairment of exploration and evaluation assets (cont'd)*

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset for which the future estimated cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as depreciation. When an impairment subsequently reversed thereafter, the carrying amount is increased to the revised estimated recoverable amount, but only to the extent it does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

*Current and deferred income taxes*

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of operations except to the extent that it relates to items recognized directly in equity or in other comprehensive income. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

*Current income taxes*

Current income taxes are the expected tax on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the jurisdictions where the Corporation operates and generates taxable income. Management periodically evaluates positions in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate, based on the amounts expected to be paid to tax authorities.

*Deferred income taxes*

Deferred income taxes are recognized, using the asset and liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply to taxable income when the related deferred income tax asset is realized or the deferred income tax liability is settled. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income or mining taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle balances on a net basis.

**Notes to the Financial Statements****For the years ended January 31, 2021 and 2020**

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**3. Significant accounting policies (cont'd)***Equity*

Common shares and warrants are classified as equity. The share capital represents the amount received upon issuance of shares. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs. Proceeds from unit placements are allocated between shares and warrants issued by using the relative fair value method. The Black-Scholes pricing model is used to determine the fair value of warrants issued.

Contributed surplus includes charges related to stock options until such equity instruments are exercised, in which case the amounts are transferred to share capital. Contributed surplus also includes warrants expired and unexercised as well.

*Share-based payment transaction*

The Corporation grants stock options to buy common shares of the Corporation to Directors, Officers, Employees and Consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation. Each tranche of a grant is considered a separate grant with its own vesting period and its own fair value at grant date. The fair value of the tranche is measured at the grant date, using the Black-Scholes pricing model, and is recognized over the vesting period that the options are earned. The fair value is recognized as an expense with a corresponding increase in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately. The maximum life of the options is five years.

Any consideration paid on exercise of share options is credited to share capital. The contributed surplus resulting from share-based compensation is transferred to share capital when the options are exercised.

*Income (loss) per share*

The calculation of income (loss) per share ("IPS") is based on the weighted average number of shares outstanding for each period. The basic IPS is calculated by dividing the profit or loss attributable to the equity owners of the Corporation by the weighted average number of common shares outstanding at the end of the period.

The computation of diluted IPS assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the IPS. When the Corporation reports a loss, the diluted net loss per common share is equal to the basic net loss per common share due to the anti-dilutive effect of the outstanding warrants and share options.

*Segment disclosure*

The Corporation, until it sold its last property in August 2020, used to operate in a single segment – acquisition, exploration, evaluation and development of mining properties.

**Notes to the Financial Statements****For the years ended January 31, 2021 and 2020**

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**4. Accounting standard adopted in 2020**

The following standard was issued by the International Accounting Standards Board (IASB) and became effective for financial years opened as of January 1<sup>st</sup>, 2019.

*IFRS 16, Leases*

In January 2016, the IASB issued IFRS 16, Leases, to set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease agreement. The standard supersedes IAS 17, Leases, and other lease related interpretations, eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. The new standard became effective for financial years opened as of January 1<sup>st</sup>, 2019 with earlier application permitted. The adoption of the amendments had no impact on the financial statements of the Corporation following its adoption, on February 1<sup>st</sup>, 2019, since the Corporation used the practical expedient permitted by the standard with respect to operating leases with a remaining lease term of less than 12 months as at February 1<sup>st</sup>, 2019.

**5. Judgments, estimates and assumptions**

Many of the amounts included in the financial statements require Management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on Management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Areas of significant judgments and estimates affecting the amounts recognized in the financial statements include:

## 1) Exploration and evaluation assets

*Probability of cost recovery at initial recognition*

According to the significant accounting policies of the Corporation, once the legal rights of exploration and evaluation assets are obtained, the costs associated with the acquisition of mineral rights, expenditures on exploration and evaluation of mineral properties and that tax credits and credits on duties associated with such costs are charged to cost of exploration and evaluation assets if Management considers probable that the costs will be recovered through future development or sale of the property. Assessing the probability of recover capitalized costs related to exploration and evaluation assets requires the exercise of judgment in determining if the future economic benefits are probable, which may be based on assumptions and estimates made by management regarding future events. Assumptions and estimates may change if new information proves to be available.

If information becomes available that gives rise to uncertainty of the recovery of capitalized costs, the amounts capitalized will be written down to their recoverable amounts in the period when these informations become available.

**Notes to the Financial Statements****For the years ended January 31, 2021 and 2020**

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**5. Judgments, estimates and assumptions (cont'd)**

## 2) Impairment of exploration and evaluation assets

The Corporation's evaluation of the recoverable amount with respect to exploration and evaluation assets is based on numerous assumptions and may differ significantly from actual values. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Corporation's control. This evaluation involves a comparison of the estimated recoverable amounts of the exploration and evaluation assets to their carrying values. The Corporation's recoverable value estimates are based on numerous assumptions. The fair value estimates may differ from actual values and these differences may be significant and could have a material impact on the Corporation's financial position and result of operations. Assets are reviewed for an indication of impairment at each statement of financial position date and when there are indicators of impairment. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, the right to explore in the specific area will expire during the period or in the near future and is not expected to be renewed; substantive exploration and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Corporation has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale, significant negative industry or economic trends, a significant drop in mineral resources.

## 3) Valuation of promissory note

The valuation of the promissory note requires judgment, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset. The valuation is based, in part, on certain factors that may be partially or totally outside of the Corporation's control. This evaluation involves a comparison of the fair value to the carrying value of the financial asset. The fair value estimate may differ from actual value and the difference may be significant and could have a material impact on the Corporation's financial position and result of operations. The promissory note is reviewed to determine the necessity of an impairment allowance at each closing date in accordance with the expected credit loss model. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, the non-compliance of the repayment schedule; financial difficulties of the debtor.

## 4) Valuation of share-based payments

The Corporation records all share-based payments using the fair value method. The Corporation uses the Black-Scholes options pricing model to determine the fair value of warrants and stock options. The main factor affecting the estimates of the fair value of warrants and stock options is the stock price expected volatility used. The Corporation currently estimates the expected volatility of its common shares based on the volatility of its own shares.

## 5) Going concern

The Corporation's ability to achieve its strategy by financing its future needs in working capital requires exercising judgments. More information regarding going concern is presented in Note 1.



## Notes to the Financial Statements

For the years ended January 31, 2021 and 2020

## 7. Exploration and evaluation assets (cont'd)

	<u>January 31,</u> <u>2019</u>	<u>Additions</u>	<u>Disposal</u>	<u>Write off</u>	<u>Tax credits</u>	<u>January 31,</u> <u>2020</u>
<i>Mining properties</i>						
(1) Monster Lake, interest at 2.5%	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**Monster Lake**

The property consists of a total of 114 claims located in the Chibougamau region of Quebec.

The Corporation had agreed to a 50% option on the Property (the "Initial Option") payable: (i) with the issuance, subject to regulatory approval, of 1,000,000 common shares at a price of \$0.15 each; (ii) payment in cash (over four years) of \$350,000 and (iii) the commitment to carry out exploration work on the Property amounting to \$6,000,000 (over a period of four years). The Corporation would also have been entitled, upon the exercise of the initial option to acquire an additional option of 20% of the Property no later than on the seventh anniversary of the closing of the Transaction if it had incurred additional expenses totalling \$4,000,000 or if it had financed a feasibility study on the Property. Each additional million dollar expense would have increased the Corporation's interest by five percent (5%) up to a maximum of twenty percent (20%).

On September 23, 2013, TomaGold Corporation and the Corporation have agreed to amend their option agreement dated November 26, 2012 (the "Option Agreement") for the Monster Lake property.

Pursuant to the Agreement, TomaGold transfers and sells to The Corporation an undivided interest of 10% in the Property in exchange for the retrocession by the Corporation of all its rights in the Option Agreement and its renunciation to all its rights and privileges provided in the Option Agreement. Accordingly, subject to adjustments provided in the Agreement, TomaGold will henceforth hold an undivided interest of 90% in the Property and will be the sole operator of the project.

Moreover, the Corporation is discharged from a debt of \$500,000 and the obligation to refund. The Corporation obtained releases from the holders of the debentures issued in February 2013. TomaGold undertakes to take charge of the debentures of The Corporation and to indemnify The Corporation starting from the closing of the transaction.

On November 12, 2013, Corporation TomaGold signed an option agreement with IAMGOLD in which IAMGOLD may earn a 50% interest in each of the Monster Lake, Winchester and Lac-à-l'Eau-Jaune properties for a total of \$17.575 million, including \$16 million in exploration work and \$1.575 million in payments over five years.

**Notes to the Financial Statements****For the years ended January 31, 2021 and 2020**

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**7. Exploration and evaluation assets (cont'd)****Monster Lake (cont'd)**

IAMGOLD acts as the project operator with the support of TomaGold personnel during the acquisition period of its 50% interest. When IAMGOLD acquired its 50% interest, the interests of TomaGold and the Corporation were diluted proportionately such that TomaGold and the Corporation held interests of 45% and 5%, respectively, in the Monster Lake property, until IAMGOLD acquired at the beginning of 2020 an additional interest of 25%. Thus, the interests of the Corporation and TomaGold were 2.5% and 22.5% respectively.

Upon IAMGOLD earning a 75% interest in the Monster Lake project, TomaGold and the Corporation have the option to fund their pro-rata share of exploration expenditures to keep its interest in the project, subject to a dilution clause if the Corporation is unable to fund its share of exploration expenditures. If TomaGold and the Corporation are diluted to a 10% interest in the project, their ownership interest will be converted to a 1.5% NSR with a buyback provision. IAMGOLD would then have the possibility to buy back a 0.75% NSR for \$2 million and the payment for the remaining 0.75% NSR would be capped at \$8 million.

During the year ended January 31, 2021, the Corporation sold its 2.5% interest held in the Monster Lake property to TomaGold for a cash payment of \$250,000 and the return of 750,000 shares of the Corporation held by TomaGold. The closing of the transaction took place on August 26, 2020. The return of shares was recorded as a redemption of shares by the Corporation. The redemption price of the shares was evaluated at \$0.08 per share for a total of \$60,000 based on the most recent market prices of the Corporation's shares at the time of redemption. Transaction costs of \$20,000 were incurred by the Corporation in connection with the property sale. The transaction resulted in a gain of \$290,000 in the 2021 statement of loss.

**8. Share capital**

The Corporation is authorized to issue an unlimited number of class A and B shares of no par value with the following restrictions and privileges:

Class A: Voting and participating;

Class B: Non-voting, participating, issuable in series with designation, rights, privileges, restrictions and conditions to be determined by the board of directors.

As a result of the sale of the Monster Lake property to TomaGold, 750,000 shares of the Corporation were deemed repurchased at a price equivalent to \$0.08 per share for a total amount of \$60,000. Of the \$60,000 redemption price for the 750,000 shares, \$42,000 was recorded as a reduction of share capital and \$18,000 was recorded as an increase of deficit.

As at January 31, 2021, and at the date of approval of these financial statements, the deemed 750,000 repurchased shares have not yet been cancelled and therefore are still outstanding.

## Notes to the Financial Statements

For the years ended January 31, 2021 and 2020

8. Share capital (cont'd)	January 31, 2021		January 31, 2020	
	Quantity	Amount	Quantity	Amount
	#	\$	#	\$
Balance at beginning	41,779,998	2,344,780	41,779,998	2,344,780
Shares deemed repurchased on sale of 2.5% interest in the Monster Lake property	-	(42,000)	-	-
Balance at end of year	41,779,998	2,302,780	41,779,998	2,344,780

No issuance of shares in 2021 and 2020.

## 9. Stock options

The Corporation has established a Stock Option Plan (the "Plan"), settled in equity instruments, applicable for its employees, directors, officers and consultants for the purchase of class A shares. Under the Plan, subject to some adjustments, stock options for a maximum of 10% of class A common shares can be issued for a term not exceeding ten years from the grant date. In addition, the following restrictions apply to the Plan: (i) the class A shares reserved for issuance of Insiders, as defined in the CPC Policy, shall not exceed 10% of the issued and outstanding class A shares; (ii) the class A shares reserved for issuance of Insiders, as defined in the CPC Policy, within any twelve month period shall not exceed 10% of the issued and outstanding class A shares; (iii) the number of class A shares reserved for issuance to any one individual under the Plan will not exceed 5% of the issued and outstanding common shares; (iv) the number of common shares reserved for issuance to any one consultant under the Plan will not exceed 2% of the issued and outstanding class A shares; (v) the options granted to any individuals employed to provide investor relations activities shall contain provision stating a minimum twelve month vesting period.

The summary of the stock option plan situation is as follows:

	January 31, 2021		January 31, 2020	
	Number	Weighted average exercise price	Number	Weighted average exercise price
	#	\$	#	\$
Outstanding at beginning of year	2,680,000	0.10	1,420,000	0.10
Granted	-	-	1,660,000	0.10
Expired	1,420,000	0.10	(400,000)	0.10
Outstanding at end of year	1,260,000	0.10	2,680,000	0.10
Options exercisable at end of year	1,260,000	0.10	2,680,000	0.10

## Notes to the Financial Statements

For the years ended January 31, 2021 and 2020

## 9. Stock options (cont'd)

	Options outstanding				Options exercisable	
	Number of outstanding options at end of year	Expiry date	Remaining contractual life	Exercise price	Number of exercisable options at end of year	Exercise price
Granted						
Directors	600,000	11-20-2022	1.81	\$0.10	600,000	\$0.10
Directors	660,000	02-13-2024	3.04	\$0.10	660,000	\$0.10

As at January 31, 2021, there were 1,260,000 (2,680,000 in 2020) stock options outstanding at an average exercise price of \$0.10 (\$0.10 in 2020) with a weighted average remaining contractual life of 2.45 years (3.22 years in 2020).

On July 30, 2020, following the departure of a director, the expiration date of 1,000,000 stock options which were granted to him was shortened to 90 days in accordance to the Corporation's policy.

With regards to the options issued in 2020, an amount of \$71,381 was recognized in earnings and credited to contributed surplus during the year ended January 31, 2020.

The average fair value of warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	<u>2020</u>
Average share price at grant date	0.06 \$
Risk-free interest rate	1.79 %
Expected volatility	108 %
Expected life	5 years
Expected dividend	- %
Expected extinction rate for options not assigned immediately	- \$
Average exercise price at grant date	0.10 \$
Fair market value of grant granted at the market value	0.043 \$

The expected volatility was determined with respect to the weekly historical data of the Corporation's shares on a period, being the expected life that precedes the grant.

No options were issued in 2021.

## Notes to the Financial Statements

For the years ended January 31, 2021 and 2020

**10. Capital disclosures**

The Corporation's objective for capital management is to ensure that it can continue as a going concern in order to pursue the development of its mining properties.

The capital of the Corporation consists of equity for a total negative amount of \$490,072 (total negative amount of \$289,596 in 2020).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Corporation, is reasonable.

The Corporation uses budgets as the main tool for managing capital. Adjustments are made as needed to capital expenditures and operating budgets to adapt to investment plans and market conditions.

There were no significant changes in the Corporation's approach to capital management during the year ended January 31, 2021. The Corporation doesn't have any externally imposed capital requirements neither regulatory nor contractual requirements to which it is subjected, unless the Corporation closes a flow-through private placement in which case the funds are restricted in use for exploration expenses.

**11. Income taxes**

The following table reconciles the expected income tax recovery to the amount recognized in the statement of loss:

	<u>2021</u>	<u>2020</u>
Net loss for the period	\$ (140,476)	\$ (410,052)
Combined Canadian statutory income tax rate	<u>26.50%</u>	<u>26.60%</u>
Income tax recovery at the combined statutory tax rate	(37,226)	(109,074)
Non-deductible professional and consultant fees	70,713	19,662
Exploration and evaluation expenses	(23,463)	-
Allowance for expected credit loss on the promissory note	-	26,600
Gain on write-off of accounts payable	(3,733)	-
Stock-based compensation	-	18,987
Share issuance costs	(5,164)	(5,183)
Others	(1,127)	(2,655)
Unrecognized deferred taxes asset	<u>-</u>	<u>51,663</u>
Deferred income tax expense	<u>\$ Nil</u>	<u>\$ Nil</u>

## Notes to the Financial Statements

For the years ended January 31, 2021 and 2020

## 11. Income taxes (cont'd)

*Unrecognized deferred income tax assets:*

	<u>January 31,</u> <u>2021</u>	<u>January 31,</u> <u>2020</u>
Non-capital losses	\$ 545,681	\$ 549,414
Share issuance costs	2,856	8,019
Exploration and evaluation assets	133,751	157,215
Unrecognized temporary differences	<u>(682,288)</u>	<u>(714,648)</u>
Net future income tax asset	\$ Nil	\$ Nil

Deferred tax assets have not been recognized in 2021 in respect to these items because it was not probable that future taxable profit would have been available against which the Corporation can utilize these benefits.

The non-capital losses expire as follows:

	<u>Federal</u>	<u>Provincial</u>
2031	\$ 20,000	\$ 20,000
2032	164,000	164,000
2033	153,000	153,000
2035	246,000	243,000
2037	535,000	535,000
2038	461,000	456,000
2039	291,000	287,000
2040	<u>194,000</u>	<u>194,000</u>
	<u>\$ 2,064,000</u>	<u>\$ 2,052,000</u>

## 12. Related party transactions and compensation of key management

	<u>2021</u>	<u>2020</u>
<i>Expenses</i>		
Consulting fees		
Corporations held by directors and officers	\$ 70,000	\$ 76,225

## Notes to the Financial Statements

For the years ended January 31, 2021 and 2020

**12. Related party transactions and compensation of key management (cont'd)**

	<u>2021</u>	<u>2020</u>
<i>Accounts payable and accrued liabilities</i>		
Corporation held by a director and an officer	\$ 105,150	\$ 35,170
Director	<u>16,000</u>	<u>16,000</u>
	<u>\$ 121,150</u>	<u>\$ 51,170</u>

These transactions occurred in the normal course of operations and were measured at the exchange amount, which is the amount established and agreed to by the parties.

**13. Financial instruments and risk management***Financial risks factors*

The Corporation is exposed to various financial risks resulting from both its operations and its investing activities. The Corporation's Management manages financial risks. The Corporation does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. The Corporation's main financial risks exposure and its financial policies are as follows:

*Credit risk*

The financial instruments which expose the Corporation to credit risk and concentration of credit risk include cash. The Corporation invests its cash in Canadian financial institutions and consequently does not anticipate any losses.

*Liquidity risk*

The Corporation manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its exploration programs. The Corporation also ensures that it has sufficient working of capital available to meet its day-to-day commitments.

As at January 31, 2021, the Corporation has cash of \$70,808 (\$21,389 in 2020) to settle current liabilities of \$626,543 (\$321,232 in 2020). As at January 31, 2021, Management estimates that funds available will not be sufficient to meet the Corporation's obligations and budgeted expenditures until January 31, 2022 (Note 1).

## Notes to the Financial Statements

For the years ended January 31, 2021 and 2020

**13. Financial instruments and risk management (cont'd)***Fair value*

Fair value of financial instruments is presented as follow:

	January 31, 2021		January 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets at amortized cost</b>				
Cash	\$ 70,808	\$ 70,808	\$ 21,389	\$ 21,389
<b>Financial liabilities at amortized cost</b>				
Accounts payable and accrued liabilities	\$ 624,691	\$ 624,691	\$ 317,577	\$ 317,577

The estimative fair value is established at the date of the statement of financial position using the relevant information available on the market and other information on financial instruments.

Above Corporation's financial instruments have a fair value which approximates their carrying value due to their short-term maturity.

## Hierarchy of fair values

- First level includes quoted prices (unadjusted) in an active market of identical assets or liabilities;
- Second level includes data that are based on observable inputs other than quoted prices included in the first level;
- The third level includes data that are not based on observable market data.

*Foreign currency risk*

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the Corporation's financial liabilities are denominated in American dollars. Consequently, certain financial liabilities are exposed to currency fluctuations. Most of the Corporation's operations are conducted in Canadian dollars. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk. The financial liabilities denominated in American dollars, translated into Canadian dollars at the closing rate, which expose the Corporation to currency risk are:

## Notes to the Financial Statements

For the years ended January 31, 2021 and 2020

**13. Financial instruments and risk management (cont'd)***Foreign currency risk (cont'd)*

	<u>2021</u>	<u>2020</u>
Accounts payable and accrued liabilities	\$ 33,963	\$ 33,542

**14. Contingency**

The Corporation is party to a \$35,405 claim for breach of terms of the option agreement signed with Alexandria Minerals Corporation for the Gwillim, Fancamp and Embry properties. Management believes the claim is unfounded and, consequently, no provision has been made for the contingent liability that may arise.

**15. Subsequent event**

On April 30, 2021, the Corporation announced it had entered into a definitive agreement for the purpose of completing a reverse takeover transaction with Next Level Health Sciences Inc. ("Next Level"). Next Level is a Canadian-based food science and technology company.

Pursuant to the transaction, if successfully completed, between Quinto and Next Level, all the issued and outstanding shares of Next Level will be exchanged for approximately 68,000,000 post-consolidated common shares in the capital of Quinto, based on a ratio of 1.40 shares of Quinto for every share of Next Level, and assuming completion of the financings of Next Level noted below.

Prior to the closing of the transaction, Quinto will have to complete a consolidation of its common shares on the basis of 10 pre-consolidated common shares for one post consolidated common share. Quinto will have to obtain the approval for the Consolidation from its board of directors in accordance with its Articles and will also have to seek approval for the Consolidation from its shareholders, subject to receiving TSX Venture Exchange approval to proceed in this manner. The directors and officers of Quinto will have to agree to support and vote in favour of or otherwise approve of the Consolidation resolution, including executing the written consent resolution referenced above such that they vote all their shares in favour of the resolution.

Next Level will have to conduct two non-brokered financings for aggregate gross proceeds of approximately up to \$1,000,000 to close prior to the closing of the transaction and the Consolidation.

Additionally, on or about the closing of the transaction, Quinto will have to complete a non-brokered financing for gross proceeds of not less than \$3,000,000 on terms and conditions to be determined and priced within the context of the market as well as a share for debt settlement.