

CREDENT CAPITAL CORP.

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2020 AND 2019
(Expressed in Canadian Dollars)

(See Notice)

Notice of No Auditor Review

In accordance with National Instrument 51-102, the Company discloses that the accompanying condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management. They have been reviewed and approved by the Company's Audit Committee and the Board of Directors.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Professional Accountants of Canada

CREDENT CAPITAL CORP.

INTERIN CONDENSED STATEMENTS OF FINANCIAL POSITION UNAUDITED (Expressed in Canadian Dollars)

	July 31, 2020	<i>Audited</i> April 30, 2020
ASSETS		
Current		
Cash	\$ 18,137	\$ 158,629
Due from related parties (Note 3)	800	800
Prepaid expenses	20,425	20,425
	<u>\$ 39,362</u>	<u>\$ 179,854</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 11,171	\$ 11,042
Due to related parties (Note 3)	-	131,739
	<u>11,171</u>	<u>142,781</u>
EQUITY		
Share Capital (Note 4)	366,550	366,550
Share-based Payments Reserve	34,411	34,411
Deficit	(372,770)	(363,888)
	<u>28,191</u>	<u>37,073</u>
	<u>\$ 39,362</u>	<u>\$ 179,854</u>

Nature of Operations and Going Concern (Note 1)
Qualifying Transaction (Note 7)
Subsequent Events (Note 8)

These financial statements were authorized for issue by the Board of Directors on September 25, 2020. They are signed on the Company's behalf by:

"John A. Versfelt"

Director

"Michael Chen"

Director

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

CREDENT CAPITAL CORP.

INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE LOSS UNAUDITED (Expressed in Canadian Dollars)

	FOR THE PERIODS ENDED JULY 31	
	2020	2019
Expenses		
Consulting fees	\$ 1,176	\$ -
Office	233	121
Rent (Note 6)	1,260	1,260
Professional fees	1,955	-
Filing fees	4,257	2,187
Net Loss And Comprehensive Loss For The Period	\$ 8,881	\$ 3,568
Basic And Diluted Income (Loss) Per Share	\$ 0.00	\$ (0.00)
Weighted Average Number Of Shares Outstanding	4,250,000	4,250,000

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

CREDENT CAPITAL CORP.

INTERIM CONDENSED STATEMENTS OF CASH FLOWS UNAUDITED (Expressed in Canadian Dollars)

For the period ended July 31,	2020	2019
Cash Flows Used For Operating Activities		
Net (loss) for the period	\$ (8,881)	\$ (3,568)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	127	260
	<u>(8,754)</u>	<u>(3,308)</u>
Cash Flows (Used for) Financing Activity		
Repayment of advances	(131,738)	-
	<u>(131,738)</u>	<u>-</u>
(Decrease) In Cash	(140,492)	(3,308)
Cash, Beginning Of Year	158,629	143,282
Cash, End Of Period	\$ 18,137	\$ 139,974
Supplemental cash flow information:		
Cash inflow from interest income	\$ -	\$ -

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

CREDENT CAPITAL CORP.

INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY UNAUDITED

FOR THE PERIODS ENDED JULY 31, 2020 AND 2019
(Expressed in Canadian Dollars)

	SHARE CAPITAL		SHARE-BASED PAYMENTS RESERVE	DEFICIT	TOTAL EQUITY
	NUMBER OF SHARES	AMOUNT			
Balance, April 30, 2019	4,250,000	\$ 366,550	\$ 34,411	\$ (380,851)	\$ 20,110
Net loss for the period	-	-	-	(26,861)	(26,861)
Balance, July 31, 2019	4,250,000	366,550	34,411	(384,419)	16,542
Net income for the period	-	-	-	20,531	20,531
Balance, April 30, 2020	4,250,000	\$ 366,550	\$ 34,411	\$ (363,888)	\$ 37,073
Net income for the period	-	-	-	(8,882)	(8,882)
Balance, July 31, 2020	4,250,000	\$ 366,550	\$ 34,411	\$ (372,770)	\$ 28,191

The accompanying notes are an integral part of these financial statements

CREDENT CAPITAL CORP.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS UNAUDITED FOR THE PERIODS ENDED JULY 31, 2020 AND 2019 (Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Credent Capital Corp. (the Company) was incorporated under the *Business Corporations Act* (British Columbia) on March 25, 2011 and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("TSX-V"). The principal business of the Company is the identification, evaluation and negotiation for the acquisition of assets or a business ("Qualifying Transaction") subject to receipt of shareholder approval and acceptance by regulatory authorities for the purpose of obtaining a listing on the TSX-V and becoming an issuer (see qualifying transaction – Note 7).

During 2013, the Company was unable to complete a Qualifying Transaction in the time frame required by the TSX-V. Pursuant to TSX-V Policy 2.4, the Company requested and received majority shareholder approval to transfer its listing to the NEX Board of the TSX-V (NEX).

The Company's head office is located at 20 Sixth Street, New Westminster, British Columbia, Canada, V7L 3Y8. The Company's registered office is located at 1000 – 595 Burrard Street, Vancouver, British Columbia V7X 1S8.

The Company had net loss of \$8,881 during the period ending July 31, 2020 and, at that date, has a net working capital of \$28,191. The ability of the Company to continue as a going concern involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Further, there is no assurance that the businesses acquired will be profitable. All of these factors may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include adjustments that would be necessary should it be determined that the Company may be unable to continue as a going concern, and these adjustments could be material.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, reduced customer demand, increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Company. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

CREDENT CAPITAL CORP.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS UNAUDITED FOR THE PERIODS ENDED JULY 31, 2020 AND 2019 (Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance with International Financial Reporting Standards

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34, "*Interim Financial Reporting*", and based on the principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements for the year ended April 30, 2020, which include the Company's significant accounting policies, and have been prepared in accordance with the same methods of application.

b) Basis of Preparation

These financial statements have been prepared on a historical cost basis.

c) Functional Currency

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

d) Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

The significant areas requiring the use of management estimates relate to the existence of contingent assets and liabilities, values ascribed to related party transactions and balances, and deferred income taxes. Management reviews significant estimates on a periodic basis and, when changes in estimates are necessary, makes adjustments prospectively.

CREDENT CAPITAL CORP.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS UNAUDITED FOR THE PERIODS ENDED JULY 31, 2020 AND 2019 (Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of May 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any of the financial assets or financial liabilities on the transition date.

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

i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss)

("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or if the Company has opted to measure them at FVTPL. The Company completed a detailed assessment of its financial assets and liabilities as at May 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

CREDENT CAPITAL CORP.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS UNAUDITED FOR THE PERIODS ENDED JULY 31, 2020 AND 2019 (Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments (continued)

ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of operations. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of operations in the period in which they arise.

iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iv) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of operations.

CREDENT CAPITAL CORP.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS UNAUDITED FOR THE PERIODS ENDED JULY 31, 2020 AND 2019 (Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

f) Cash

Cash consists of cash held in a non-interest bearing bank account.

g) Deferred Financing Costs

Costs directly identifiable with the raising of capital are charged against share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations, if the shares are not issued.

Costs incurred to affect a business combination are expensed in the period they are incurred.

h) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Deferred income tax assets and liabilities are presented as non-current.

CREDENT CAPITAL CORP.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS UNAUDITED FOR THE PERIODS ENDED JULY 31, 2020 AND 2019 (Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

h) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity, net of tax when deemed recoverable.

i) Share-Based Payments

Equity-settled share-based payments for directors, officers, employees and consultants are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the vesting period based on the Company's estimate of shares that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by using the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

j) Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period. Contingently issuable shares are not considered outstanding and consequently are not included in loss per share calculations.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

CREDENT CAPITAL CORP.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS UNAUDITED FOR THE PERIODS ENDED JULY 31, 2020 AND 2019 (Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Adoption of New Accounting Standards

IFRS 16 Leases

Effective for annual periods beginning on January 1, 2019

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The adoption of this standard did not have a material impact on the Company's financial statements.

3. DUE TO RELATED PARTIES

The Company oversees the financing of the operations and product development of a related company through common directors. In the year ended April 30, 2017, a director of this company advanced \$268,500 to Credent. The Company made payments on behalf of the related party of \$284,292 in fiscal 2017. In 2018, the same director advanced an additional \$135,000 and the related party incurred a further \$12,531 on behalf of Credent. The advances were repaid during the period ended July 31, 2020.

	PERIODS ENDED	
	July 31, 2020	April 30, 2020
Balance payable, end of period	\$ -	\$ (131,739)

As at July 31, 2020, the Company was owed \$800 (2019 - \$800) from another company related through common directors.

All amounts due to and due from related parties are unsecured, non-interest bearing, and have no fixed terms of repayment.

CREDENT CAPITAL CORP.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS UNAUDITED FOR THE PERIODS ENDED JULY 31, 2020 AND 2019 (Expressed in Canadian Dollars)

4. SHARE CAPITAL

a) Authorized

Unlimited common shares, without par value

b) Issued

During the fiscal periods ended July 31, 2020 and April 30, 2020 no common shares were issued

c) Shares held in escrow

As at July 31, 2020 and April 30, 2020, the Company had 1,100,000 shares held in escrow. Upon closing of the qualifying transaction (Note 7) these shares will be transferred to Hydro Power Technologies Inc. or its designate(s) at a price of \$0.20 per share.

d) Stock Options and Agent's Warrants

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V requirements, grant to directors, officers, employees and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

As at July 31, 2020 and April 30, 2020, no stock options were outstanding.

5. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its Qualifying Transaction if and when a suitable acquisition is identified. If and when the Company identifies a suitable candidate for its Qualifying Transaction, the closing will be dependent on both funds already available and external financing to fund the acquisition.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

CREDENT CAPITAL CORP.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS UNAUDITED FOR THE PERIODS ENDED JULY 31, 2020 AND 2019 (Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS

The Company leases office space from a company with a common director. During the period ended July 31, 2020, the Company paid office rent of \$1,260 (2019 - \$1,260) to this company.

7. QUALIFYING TRANSACTION

The Company signed a non-binding letter of intent (the "Hydro LOI") with Hydro Power Technologies Inc. ("Hydro Power"), a corporation existing under the laws of Ontario, Canada, which outlines the general terms and conditions pursuant to which the Company and Hydro Power will be willing to complete a transaction that will result in a reverse take-over of the Company by the shareholders of Hydro Power.

As part of the qualifying transaction process, the Company entered into a sponsorship agreement with a qualified sponsor. Per this agreement, the Company is required to pay \$25,000 in sponsorship fees, pay additional related legal fees and issue 50,000 shares of the resulting issuer. As at July 31, 2020, the Company has paid \$26,685 in related fees and has prepaid additional sponsorship and legal fees of \$20,425. These deferred financing changes are included in prepaids. The balance of the fees and the issuance of the common shares are payable upon submission of the final sponsor report. Subsequent to year end, this agreement was terminated by both parties. The prepaid fees will be held by the qualified sponsor and applied against a new qualifying transaction (See Note 7).

On May 21, 2020, the Company and Hydro Power Technologies Inc. ("HPT") announced that they had agreed to terminate their business combination agreement the ("Transaction"). The Transaction was originally announced by the Company in its news release dated January 21, 2014. Pursuant to the original LOI, HPT placed \$70,000 with the Company's legal counsel in trust to cover legal expenses in connection with the qualifying transaction. During the year and in advance of the formal termination agreement, the remaining balance in the trust account in the amount of \$49,755 was transferred to the Company and has been recognized as a gain on termination of qualifying transaction.

In connection with the termination agreement, the amount due to related parties in the amount of \$131,739 has been paid.

The Transaction contemplated under the business combination agreement with HPT was intended to be the Company's Qualifying Transaction. The Company will now be actively exploring other Qualifying Transaction opportunities. The Company will also be applying to the regulators to lift the trading halt currently in place on its common shares.

CREDENT CAPITAL CORP.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS UNAUDITED FOR THE PERIODS ENDED JULY 31, 2020 AND 2019 (Expressed in Canadian Dollars)

8. SUBSEQUENT EVENTS

On August 21, 2020, the Company announced that Alex Caldwell had retired as a director of the Company.

On August 24, 2020, a \$139,000 advance was made to the Company by a company with common officers. The amounts owed are unsecured, non-interest bearing, and due on demand.

The Company has appointed Tom Oliver as a director of the Company to replace Mr. Caldwell.