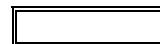


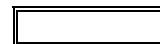
ALPHA PEAK LEISURE INC.

Interim Condensed Consolidated Financial Statements
As of and for the three months and six months ended
June 30, 2020
(Expressed in Canadian dollars)
(Unaudited)



INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2020
(*unaudited*)

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**NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim condensed consolidated financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Group's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

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

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

"Liu Bing"

Chief Financial Officer

August 31, 2020

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AT June 30, 2020
 (expressed in Canadian Dollars)
 (unaudited)

	<u>NOTES</u>	June 30, 2020 \$ (Unaudited)	December 31, 2019 \$ (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		44,803	106,156
Trade and other receivables	5	4,641	9,366
Total assets		49,444	115,522
LIABILITIES AND EQUITY			
Current liabilities			
Other payables and accruals	6	23,189	70,881
Total liabilities		23,189	70,881
Equity			
Share capital	7	63,992,017	63,992,017
Reserves		544,013	544,013
Deficit		(64,509,775)	(64,491,389)
Total equity		26,255	44,641
Total liabilities and equity		49,444	115,522

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

The interim condensed consolidated financial statements on pages 2 to 12 were approved and authorized for issuance by the Board of Directors on August 31, 2020 and are signed on its behalf by:

“Yuxiu Zha”
 Yuxiu Zhao, Director

“Baihan Zong”
 Baihan Zong, Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2020
(expressed in Canadian Dollars)
(unaudited)

	<u>NOTES</u>	For the three months ended June 30, <u>2020</u> \$	<u>2019</u> \$	For the six months ended June 30, <u>2020</u> \$	<u>2019</u> \$
Continuing operations					
Other income		192	894	308	2,467
Administrative expenses		<u>(11,062)</u>	<u>(26,577)</u>	<u>(18,694)</u>	<u>(72,709)</u>
Loss before tax		<u>(10,870)</u>	<u>(25,683)</u>	<u>(18,386)</u>	<u>(70,242)</u>
Income tax recovery	8	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period from continuing operations		<u>(10,870)</u>	<u>(25,683)</u>	<u>(18,386)</u>	<u>(70,242)</u>
Discontinued operations					
Loss for the period from discontinued operations		<u>-</u>	<u>(616,970)</u>	<u>-</u>	<u>(947,072)</u>
Loss for the period		<u>(10,870)</u>	<u>(642,653)</u>	<u>(18,386)</u>	<u>(1,017,314)</u>
Losses per share:	9				
Basic		<u>(0.00)</u>	<u>(0.01)</u>	<u>(0.00)</u>	<u>(0.01)</u>
Diluted		<u>(0.00)</u>	<u>(0.01)</u>	<u>(0.00)</u>	<u>(0.01)</u>
Weighted average number of common shares outstanding:	9				
Basic		<u>72,077,073</u>	<u>72,077,073</u>	<u>72,077,073</u>	<u>72,077,073</u>
Diluted		<u>72,397,073</u>	<u>72,077,073</u>	<u>72,397,073</u>	<u>72,077,073</u>

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



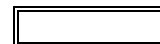
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2020

(expressed in Canadian Dollars)

(unaudited)

	Share capital \$	Capital reserve \$ (Note i)	Share option reserve \$	Exchange reserve \$ (Note ii)	Accumulated losses \$	Total \$
At January 1, 2019	<u>69,397,965</u>	<u>3,210,875</u>	<u>544,013</u>	<u>6,155,700</u>	<u>(77,265,884)</u>	<u>2,042,669</u>
Loss for the period	-	-	-	-	(1,017,314)	(1,017,314)
Other comprehensive loss for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	377,497	(1,066,882)	(689,385)
At June 30, 2019	<u>69,397,965</u>	<u>3,210,875</u>	<u>603,514</u>	<u>6,315,574</u>	<u>(74,912,481)</u>	<u>4,615,447</u>
Capital reduction from distribution	(5,405,948)	-	-	-	-	(5,405,948)
Reserves reclassified upon disposal of subsidiaries	-	(3,210,875)	-	(6,155,700)	3,210,875	(6,155,700)
Net income for the period	-	-	-	-	9,563,620	9,563,620
At January 1, 2020	<u>63,992,017</u>	<u>-</u>	<u>544,013</u>	<u>-</u>	<u>(64,491,389)</u>	<u>44,641</u>
Loss for the period	-	-	-	-	(18,386)	(18,386)
At June 30, 2020	<u>63,992,017</u>	<u>-</u>	<u>544,013</u>	<u>-</u>	<u>(64,509,775)</u>	<u>26,255</u>

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



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2020
(expressed in Canadian Dollars)
(unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$	\$	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss for the period	(10,870)	(25,683)	(18,386)	(70,242)
Items not affecting cash:				
Bank interest income	(424)	(894)	(308)	(2,467)
(Increase)/decrease in trade and other receivables	7,310	(21,842)	4,725	(122,741)
Increase/(decrease) in other payables	(38,322)	(63,429)	(47,692)	38,807
CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(42,306)</u>	<u>(111,848)</u>	<u>(61,661)</u>	<u>(156,643)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES				
Interest received	<u>424</u>	<u>894</u>	<u>308</u>	<u>2,467</u>
	<u>424</u>	<u>894</u>	<u>308</u>	<u>2,467</u>
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DECREASE IN CASH FROM CONTINUING OPERATIONS	(41,882)	(110,954)	(61,353)	(154,176)
INCREASE IN CASH FROM DISCONTINUED OPERATIONS	-	810,375	-	843,896
CASH AT BEGINNING OF THE PERIOD				
FROM CONTINUING OPERATIONS	86,685	301,883	106,156	345,105
FROM DISCONTINUED OPERATIONS	<u>-</u>	<u>877,149</u>	<u>-</u>	<u>843,628</u>
CASH AT END OF THE PERIOD				
FROM CONTINUING OPERATIONS	44,803	190,929	44,803	190,929
FROM DISCONTINUED OPERATIONS	<u>-</u>	<u>1,687,524</u>	<u>-</u>	<u>1,687,524</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2020
(expressed in Canadian Dollars)
(unaudited)

1. NOTICE TO READER OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of Alpha Peak Leisure Inc. and its subsidiaries (collectively referred to as the "Group"), which include the accompanying interim condensed consolidated statement of financial position as at June 30, 2020 and December 31, 2019 and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three and six months then ended, are the responsibility of the Group's management. These interim condensed consolidated financial statements have not been audited or reviewed on behalf of the shareholders by the independent external auditors of the Group. The interim condensed consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with accounting principles generally accepted in Canada. These financial statements are prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") and reflect management's best estimates and judgment based on information currently available.

Alpha Peak Leisure Inc. ("Alpha Peak") was incorporated on June 24, 2011 under the *British Columbia Business Corporation Act* and commenced trading on TSX Venture Exchange (the "TSX-V") as a Capital Pool Company pursuant to Exchange Policy 2.4. Its registered office is located at 250 Howe Street, 20th Floor, Vancouver, British Columbia V6C 3R8, Canada.

The principal activity of the Company, through its subsidiaries (collectively referred to as the "Group"), was developing and operating Swallow Gully Scenic Area, a large scale tourist attraction site in Sichuan Province, the People's Republic of China (the "PRC") before the subsidiaries were sold in July 2019.

During 2019, the Company sold all of the shares of its wholly-owned subsidiary Total Wonder Enterprises Limited ("TWEL") to certain shareholders of the Company (the "TWEL Sale"), and completed a distribution of \$0.075 per common share (the "Distribution") by way of return of capital.

After the completion of the TWEL Sale and the Distribution, the Company became a shell company with no active business. The Company has been transferred to the NEX board of the TSX-V.

The consolidated financial statements are presented in Canadian Dollar ("CAD" or "\$"), which is the Company's functional currency and the Group's presentation currency.

Subsequent to year-end, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market. These factors, among others, could have a significant impact on the Company's operations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

2. BASIC OF PREPARATION

Statement of compliance

These interim condensed financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretation issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of consolidation and presentation

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain property, plant and equipment and certain financial instruments that were measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

These interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the following table:

Name of subsidiary	Country of Incorporation	2019 Proportion of Ownership Interest	2020 Proportion of Ownership Interest	Principal Activity
Merit Sign Investment Limited	Hong Kong	100% until July 2019; 0% after July 2019	0%	Investment holding
Total Wonder Enterprise Limited (“TWEL”)	British Virgin Islands	100% until July 2019; 0% after July 2019	0%	Investment holding
Gonga Terraferma Limited	The PRC	100% until July 2019; 0% after July 2019	0%	Development and operation of Swallow Gully

All inter-company accounts and transactions have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical accounting estimates and judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to determination of functional currency of the Company and its wholly-owned subsidiaries before the disposal and the going concern assumption (Note 1).

Cash and cash equivalents

Cash includes amounts held in banks and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Foreign currencies

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency and the Group's presentation currency. In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are recognised in the statement of profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Canadian dollar) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the statement of profit or loss.

Share-based payment arrangements

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in capital stock and the related share-based payment in option reserves is transferred to capital stock. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the consolidated statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. 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 in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income 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. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

All financial assets not classified at amortized cost or fair value through other comprehensive income ("FVTOCI") are measured at fair value through profit or loss ("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; and
- 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 consolidated 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 net income (loss) for the period. Financial assets and financial liabilities classified at amortized cost are subsequently measured at amortized cost using the effective interest method. Financial assets classified at FVTOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income (loss). When the financial instrument is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Earnings (loss) per share

The Company presents basic earnings (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 shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

4. ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Company has adopted the following accounting standard effective from January 1, 2019:

IFRS 16 Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. Adoption of this standard does not have a material impact on the Company's financial statement.

5. TRADE AND OTHER RECEIVABLES

	June 30, <u>2020</u> \$ (Unaudited)	December 31, <u>2019</u> \$ (Audited)
Prepayment	1,958	1,400
Other receivables	2,683	7,966
	<u>4,641</u>	<u>9,366</u>

6. OTHER PAYABLES AND ACCRUALS

	June 30, 2020 \$ (Unaudited)	December 31, 2019 \$ (Audited)
Legal and professional fee	-	55,330
Others	23,189	15,551
	<u>23,189</u>	<u>70,881</u>

7. SHARE CAPITAL**(a) Authorised**

Unlimited number of common shares without par value.

(b) Issued common shares

There were no shares issued during the period.

(c) Share options

The Company adopted a share option plan on December 21, 2011 under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The Company granted 800,000 on December 21, 2011 and an additional 220,000 on September 30, 2012, for a total of 1,020,000 share options to its directors and officers at an exercise price of \$0.10 per common share. Each share option entitles its holder to purchase one common share at a price of \$0.10 per common share till January 31, 2023.

7. SHARE CAPITAL (CONTINUED)

During the year ended December 31, 2018, 35,000 share options were forfeited following 90 days after the resignation of one share option holder.

As at June 30, 2020, 320,000 share options of the Company were outstanding and were exercisable with a weighted average exercise price of \$0.10 and a weighted average life of 2.67.

No share options were granted during the six months period ended June 30, 2020 and 2019.

8. INCOME TAX CREDIT

	For the six months ended Jun 30,	
	<u>2020</u>	<u>2019</u>
	\$	\$
Current tax:		
PRC Enterprise Income Tax ("EIT")	-	-
Deferred tax :		
Current year	-	-
	<u>-</u>	<u>-</u>

9. LOSSES PER SHARE

The calculation of the basic and diluted losses per share attributable to the owners of the Group is based on the following data:

	For the six months ended Jun 30,	
	<u>2020</u>	<u>2019</u>
	\$	\$
Loss for the year for the purposes of calculation of basic and diluted losses per share	<u>18,386</u>	<u>794,525</u>
	For the six months ended Jun 30,	
	<u>2020</u>	<u>2019</u>
Weighted average number of common shares for the purposes of calculation of basic and diluted losses per share	72,077,073	72,077,073
	<u>72,397,073</u>	<u>72,077,073</u>

The computation of diluted losses per share for both years does not assume the exercise of the Company's outstanding share options since the assumed exercise of those share options would be anti-dilutive.

10. CAPITAL RISK MANAGEMENT

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the six months period ended June 30, 2020 and 2019.

11. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash, receivables and accounts payable and accrued liabilities at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing it at major Canadian financial institutions. The Company has minimal credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of June 30, 2020 equal \$23,189. All of the liabilities presented as accounts payable and accrued liabilities are due within 30 days of June 30, 2020.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on capital.

- i) *Currency risk* – Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company does not hold substantial funds in a foreign currency and is not subject to significant currency risk.
- ii) *Interest rate risk* – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.
- iii) *Other price risk* – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.