

GCC GLOBAL CAPITAL CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2019

(Expressed in Canadian dollars unless otherwise stated)

(Unaudited)

NOTICE TO READER

The accompanying unaudited condensed interim financial statements for the three and nine months ended March 31, 2019 of GCC Global Capital Corporation have been prepared by and are the responsibility of management and approved by the Audit Committee and Board of Directors of the Company. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

GCC Global Capital Corporation

Condensed Interim Statements of Financial Position

(unaudited, expressed in Canadian dollars unless otherwise stated)

	Notes	31-Mar-19 \$	30-Jun-18 \$
ASSETS			
Current Assets			
Cash and cash equivalents		16,943	510,339
Accounts and other receivables		43,186	47,292
Prepaid	3	22,116	44,158
Total current assets		82,245	601,789
Non-current Assets			
Investment in associate	4	1,050,846	1,086,333
Property and Equipment	3	56,880	87,450
Total non-current assets		1,107,726	1,173,783
Total Assets		1,189,971	1,775,572
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and accrued liabilities		48,273	47,561
Due to related parties		8,496	13,137
Loan from Jiu Fa Investments Ltd.	5	135,097	-
Total Liabilities		191,866	60,698
Shareholders' Equity			
Share capital	6	4,253,622	4,253,622
Reserves		18,133	18,133
Deficit		(3,273,650)	(2,556,881)
Total shareholders' equity		998,105	1,714,874
Total liabilities and shareholders' equity		1,189,971	1,775,572

Approved and authorized for issue by the Board of Directors on May 29, 2019:

Signed "Rick Low"

Rick Low, Director

Signed "Huijun Wang"

Huijun Wang, Director

The accompanying notes are an integral part of these condensed interim financial statements

GCC Global Capital Corporation

Condensed Interim Statements of Loss and Comprehensive Loss

(unaudited, expressed in Canadian dollars unless otherwise stated)

	Notes	For the Nine Months Ended March 31		For the Three Months Ended March 31	
		2019	2018	2019	2018
		\$	\$	\$	\$
Operating Expenses					
Accounting and legal fees		14,274	62,566	9,083	1,279
Audit fee		37,335	13,620	7,000	7,620
Consulting fee		19,700	40,910	8,400	8,850
Depreciation expenses	3	15,077	8,354	5,039	3,886
Director fee	7	10,000	8,000	4,000	4,000
Filing fee		21,972	19,083	7,458	12,648
General & administrative expenses		62,878	67,285	18,755	19,163
Investor relations		-	3,419	-	-
Rent		141,738	72,523	79,247	31,081
Travel		13,744	19,723	-	1,560
Share of Loss from Investment in associate	4	35,486	-	9,129	-
Wages and salaries		341,837	370,940	106,522	128,872
		714,041	686,423	254,633	218,959
Other Income and (Expenses)					
Net Change in unrealized gain on short-term investment		-	-	-	13,196
Realized loss on investment		(24,432)	(675)	-	(12,369)
Management fee	7	36,000	9,000	12,000	9,000
Interest income		2,000	704	750	704
Impairment loss		(16,296)	(132,413)	(16,296)	-
		(2,728)	(123,384)	(3,546)	10,531
Net loss and comprehensive loss for the period		(716,769)	(809,807)	(258,179)	(208,428)
Loss per share – basic and diluted		(0.06)	(0.06)	(0.02)	(0.02)
Weighted average number of common shares outstanding – basic and diluted		12,527,200	12,527,200	12,527,200	12,527,200

The accompanying notes are an integral part of these condensed interim financial statements

GCC Global Capital Corporation

Condensed Interim Statements of Changes in Equity

(unaudited, expressed in Canadian dollars unless otherwise stated)

	Notes	Number of Shares	Share Capital	Reserves	Deficit	Shareholders' Equity
			\$	\$	\$	\$
Balance, June 30, 2017		12,527,200	4,253,622	18,133	(1,493,866)	2,777,889
Net loss and comprehensive loss for the period		-	-	-	(809,807)	(809,807)
Balance, March 31, 2018		12,527,200	4,253,622	18,133	(2,303,673)	1,968,082
Balance, June 30, 2018		12,527,200	4,253,622	18,133	(2,556,881)	1,714,874
Net loss and comprehensive loss for the period		-	-	-	(716,769)	(716,769)
Balance, March 31, 2019		12,527,200	4,253,622	18,133	(3,273,650)	998,105

The accompanying notes are an integral part of these condensed interim financial statements

GCC Global Capital Corporation

Condensed Interim Statements of Cash Flows

(unaudited, expressed in Canadian dollars unless otherwise stated)

	Notes	For the Nine Months Ended March 31	
		2019	2018
		\$	\$
OPERATING ACTIVITIES:			
Net loss for the period		(716,769)	(809,807)
Adjustment for items not involving cash:			
Depreciation expenses		15,077	8,354
Share of loss from Investment in associate		35,486	-
Impairment Loss		16,296	132,413
Interest incurred for long-term loan		1,195	-
Change in non-cash working capital:			
Increase in accounts payable and accrued liabilities		712	24,082
Decrease in due to related parties		(4,641)	(9,441)
Decrease in prepaid		22,042	63,688
Decrease (Increase) in accounts receivable and other receivables		4,106	(28,167)
Net cash flows used in operating activities		(626,496)	(618,878)
INVESTING ACTIVITIES:			
Property and Equipment	3	(802)	(97,779)
Investment in associate		-	(1,100,000)
Short term investments	8	-	1,013,988
Net cash flows used in investing activities		(802)	(183,791)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Loan from Jiu Fa Investments Ltd.		133,902	-
Net cash flows provided by financing activities		133,902	-
Decrease in cash and cash equivalents during the period		(493,396)	(802,669)
Cash and cash equivalents, beginning of the period		510,339	1,548,706
Cash and cash equivalents, end of the period		16,943	746,037

The accompanying notes are an integral part of these condensed interim financial statements

GCC Global Capital Corporation
Notes to the Condensed Interim Financial Statements
For the three and nine months ended March 31, 2019
(Expressed in Canadian dollars unless otherwise stated)

1. Nature Operations and Going Concern

The Company is incorporated and domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX Venture Exchange. The head office of the Company is located at 6088 Newton Wynd Vancouver, BC V6T 1H9 Canada.

On April 24, 2017, the Company announced that it is proposing a change of business from a Tier 2 Mining Issuer to a Tier 2 Investment Issuer (the "Proposed COB") within the meaning of such terms in the policies of the Exchange. The Management and Board of the Company believe that the ideal allocation of the Company's working capital would be within the framework of an investment company. On January 2, 2018, the Exchange issued the Final Exchange Bulletin approving the Proposed COB. At the request of the Exchange, the Company has undertaken to complete a second investment within 6 months of the date of the Final Exchange Bulletin. On January 2, 2018, the Company announced that it has closed the acquisition of a 28.57% interest in the issued and outstanding shares of New Age Development Ltd (the "New Age Investment"). The New Age Investment constituted a change of business of the Company from a Tier 2 Mining Issuer to a Tier 2 Investment Issuer.

On January 2, 2018, the Company changed its name to GCC Global Capital Corporation and changed its stock symbol to "GCCC".

Following the completion of the change of business, the Company will primarily focus investments in the natural resources sector, real estate industry and high-tech industry.

These financial statements have been prepared on a going concern basis which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future, and do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

At March 31, 2019, the Company had working capital deficit of \$109,621, an accumulated deficit of \$3,273,650. During the nine months ended March 31, 2019, the Company incurred a net loss of \$716,769. The Company has not generated revenues from operations.

The ability of the Company to carry out its business objectives is dependent on its ability to secure continued financial support from related parties, to obtain public equity financing, or to ultimately attain profitable operations in the future. Whether and when the Company can attain profitability and positive cash flows is uncertain. There can be no assurance that the Company will be able to successfully obtain the required finance under acceptable terms. Management of the Company believes that the current level of working capital is not sufficient to pay for expected expenditures over the next 12 months. These factors raise significant doubt about the Company's ability to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the condensed interim financial statements could be required.

2. Basis of Preparation

a) Statement of compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") effective for the Company's reporting period ending June 30, 2019. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's financial statements for the year ended June 30, 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. The accounting policies applied are the same as those applied in the Company's most recent annual financial statements which are filed under the Company's profile on SEDAR at www.sedar.com. The results for interim periods are not necessarily indicative of results for the entire year. The preparation of these unaudited condensed interim financial statements in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim financial statements and the reported amounts of expenses during the period. As a result, actual amounts may differ from those estimates.

These condensed interim financial statements for the nine months ended March 31, 2019 were approved and authorized for issue by the Board of Directors on May 29, 2019.

GCC Global Capital Corporation
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b) New Accounting Pronouncements

The following are standards that the Company adopted on July 1, 2018 and the impact they have on the Company's financial position and results of operations:

IFRS 15 - Revenue from Contracts with Customers

On May 28, 2014, the IASB issued IFRS 15 that provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 is effective for fiscal years beginning on or after January 1, 2018. The adoption of this standard did not have any impact on the Company's financial position as at March 31, 2019 and results of operations for the nine months ended March 31, 2019

IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments which reflects all phases of the financial instruments project and replace IAS 39 – Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The Standard introduces new requirement for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of this standard on July 1, 2018 did not have any material impact on the Company's financial position and results of operations.

The following are standards not yet in effect and the impact they will have on the Company's financial position and results of operations:

IFRS 16 - Leases

On January 13, 2016, the IASB published a new standard, IFRS 16 - Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Under the new standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses). The standard is effective for annual periods beginning after January 1, 2019. Early adoption is permitted. According to the current operation of the Company, the adoption of this standard will not have any material impact on the Company's financial position and results of operations.

3. Property and Equipment

	Leasehold Improvement (a)	Furniture	Vehicle	Computer	Total
	\$	\$	\$	\$	\$
Cost					
Balance at June 30, 2018	23,846	27,762	44,800	3,582	99,990
Additions	-	802	-	-	802
Dispositions	(23,846)	-	-	-	(23,846)
Balance at March 31, 2019	-	28,564	44,800	3,582	76,946
Accumulated Depreciation					
Balance at June 30, 2018	3,974	4,441	3,228	896	12,539
Write-off	(7,550)	-	-	-	(7,550)
Disposition	-	-	-	-	-
Depreciation	3,576	4,244	6,720	537	15,077
Balance at March 31, 2019	-	8,685	9,948	1,433	20,066
Net Book Value					
At June 30, 2018	19,872	23,320	41,572	2,686	87,450
Balance at March 31, 2019	-	19,879	34,852	2,149	56,880

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- a. The Company leased its office at Suite #2033-1177 West Hastings Street, Vancouver, British Columbia, for a term of five years commencing on September 1, 2017 and ending on August 31, 2022 (the “Lease”). On March 26, 2019, the Company and Golden Properties Ltd (the Landlord) entered into a termination agreement of the Lease and the lease was terminated effective on April 30, 2019. As a result, the Company wrote off the carrying value of the leasehold improvement as at March 31, 2019.

4. Investment in Associate

The Company has entered into a purchase and subscription agreement (the “New Age Agreement” or “Transaction”) dated April 21, 2017 and has closed the Transaction on January 2, 2018, wherein the Company acquired 1,000,000 common shares of New Age Development Ltd. (“New Age Shares”) from the sole shareholder of New Age Development Ltd. (“New Age”), Hong Kong Shing Chi City Holdings Ltd. (“HK Shing Chi”), at \$1.00 per New Age Share. In addition, pursuant to the New Age Agreement, the Company would also subscribe for an additional 100,000 New Age Shares, at \$1.00 per New Age Share, to provide New Age with cash and working capital. Following the completion of the Transaction on January 2, 2018, the Company holds 1,100,000 New Age Shares out of a total of 3,850,000 New Age Shares, representing 28.57% of the issued and outstanding capital of New Age. The Company has also appointed one director of New Age and concludes that there is significant influence over New Age. The investment in associate is accounted for under the equity method.

New Age is a private company incorporated under the Alberta Business Corporations Act on January 20, 2017. New Age’s main assets are the land and improvements located at 4401 Macleod Trail, Calgary, Alberta, which comprise of 35,884 square feet of land and a 939 square feet vacant log structure (the “Property”). New Age acquired the Property on March 31, 2017 for an aggregate purchase price of \$3,750,000 in cash.

The Company intends to explore the development opportunities for the Property with HK Shing Chi. Current plans are to explore the development of a mixed use commercial and residential 9 story building on the Property. The Company and HK Shing Chi may also elect to hold their investment in New Age and the Property for long term capital gains.

The Company’s share of loss from Investment in associate is \$35,486 (2018 - \$6,834) which represents 28.57% of the net loss and comprehensive loss of New Age for the nine months ended March 31, 2019.

Investment in associate is composed of:

	New Age
	\$
Balance, July 1, 2017	-
Acquisition of New Age Shares	1,100,000
Share of net income (loss)	(13,668)
Dividend received	-
Balance, June 30, 2018	1,086,332
Share of loss from Investment in associate	(35,486)
Balance, March 31, 2019	1,050,846

The financial information of New Age as of January 2, 2018, June 30, 2018 and March 31, 2019 are presented as follows:

Statement of financial position as at January 2, 2018, June 30, 2018 and March 31, 2019

	2-Jan-18	30-Jun-18	31-Mar-19
	\$	\$	\$
Current assets	136,864	18,883	23,889
Non-current assets	3,954,235	3,950,000	3,950,000
Current liabilities	221,070	146,690	275,898
Total equity and liability	4,091,099	3,968,883	3,973,888

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Statement of loss and comprehensive loss for the period from January 2, 2018 to June 30, 2018, and period from July 1, 2018 to March 31, 2019:

	January 2, 2018 to June 30, 2018	July 1, 2018 to March 31, 2019
	\$	\$
Rental revenue	12,550	18,825
Total expenses	(60,386)	(143,027)
Net loss and comprehensive loss for the period	(47,836)	(124,202)

5. Loan from Jiu Fa Investments Ltd.

On February 19, 2019, the Company entered into a loan agreement (the “Loan Agreement”) to borrow up to a maximum amount of \$1,000,000 (the “Loan”) from Jiu Fa Investments Ltd. (the “Lender”, or “Jiu Fa”). The principal amount of the Loan under the Loan Agreement bears an interest rate of 12.0% per annum, calculated semi-annually, and the Loan matures on the earlier of: (i) February 28, 2021; or (ii) the date that Metath Investment Co., Ltd. ceases to own, or have control or direction over, common shares of the Company (“Common Shares”) representing at least 20% of the issued and outstanding Common Shares.

The Lender has provided an initial advance to the Company under the Loan Agreement in the aggregate amount of \$50,000. Further amounts may be advanced during the term of the Loan in such amounts and at such times as agreed to by the Lender and the Company, up to the maximum amount of the Loan. Amounts outstanding under the Loan will be represented by a grid promissory note issued by the Company in favor of the Lender.

The Company intends to use the proceeds of the Loan to fund its operations and for general and administrative expenses.

Mr. Huijun Wang, a director and the Chief Executive Officer of the Company, is also the President of the Lender. Accordingly, the Loan is considered a related party transaction.

Summary of advances from Jiu Fa and interest incurred as of March 31, 2019:

Date	Amount \$	Note
February 5, 2019	50,000	advance
March 15, 2019	50,000	advance
March 27, 2019	33,902	advance
March 31, 2019	1,195	Interest incurred as of March 31, 2019
Total	135,097	

6. Share Capital

Authorized: Unlimited number of common shares without par value.

a) Issued and outstanding:

As of March 31, 2019, the Company had 12,527,200 (2018: 12,527,200) common shares issued and outstanding.

b) Stock option

On December 20, 2012, the Company granted 125,000 incentive stock options to the directors and officers of the Company. The options were granted with an exercise price of \$0.10 per common share and are exercisable for a period of ten years from the date of the grant. The options were fully vested on the date of the grant.

The following table reflects the outstanding, changes and exercisable stock options as at March 31, 2019:

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As at:	Number of outstanding	Weighted Average Exercise Price	Expiry Date
March 31, 2019	75,000	\$0.10	20-Dec-22

As at March 31, 2019, 75,000 stock options were outstanding and exercisable with a remaining life of 3.72 years, and no options were exercised during the period.

c) Escrow Shares

Subject to an Escrow Agreement in related to the Change of Business as stated in the Filing Statement dated on November 24, 2017, pursuant to the requirements of the TSX Venture, the 9,701,500 common shares owned by Metath Investment Co., Ltd are held in escrow. Under the Escrow Agreement, 10% of the escrowed shares will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the Change of Business) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. As at March 31, 2019, 5,820,900 common shares are held in escrow (2018: 8,731,350).

7. Related party transactions

During the three and nine months ended March 31, 2019 and March 31, 2018, the Company entered into the transactions with related parties as stated in the following table:

	Nine months ended March 31		Three months ended March 31	
	2019	2018	2019	2018
	\$	\$	\$	\$
Paid or Accrued directors' fee	10,000	8,000	4,000	4,000
Paid salaries to the key management personnel	217,925	253,068	71,975	84,518
Paid or accrued consulting fees to a director	11,500	14,063	3,400	4,350
Paid or accrued consulting fees to an officer	-	12,763	-	4,500
Total	239,425	287,894	79,375	97,368

As at March 31, 2019, the amount due to the above related parties is \$8,495 (2018: \$1,430) which is included in the accounts payable balance.

As at March 31, 2019, the Company advanced \$2,000 (2018: \$500) to management. The advances are included in the prepaid balance.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related party.

In addition to the related party transactions noted above, the Company reimbursed all these related parties for out-of-pocket direct costs incurred on behalf of the Company. Such costs include travel, postage, courier charges, printing and telephone charges.

During the period ended March 31, 2019, the Company also received fees for providing consulting services to related parties, totaling \$36,000 (2018: \$9,000).

8. Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities

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Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

The Company's financial instruments include cash and cash equivalents, short term investments, accounts and other receivables (excluding GST receivables), due to related parties, and accounts payable and accrued liabilities. The carrying amounts of cash and cash equivalents, short term investments and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these instruments.

The fair value of cash and cash equivalents and short-term investments are based on level 1 inputs of the fair value hierarchy.

Short-term investment

The short-term investment are the real estate trust units purchased on July 30, 2018 on the secondary market. The trust units are three real estate investment trusts listed on the Toronto Stock Exchange with an aggregate purchase price of \$249,982 (collectively, the "Investments"). Pursuant to the Investments, the Company acquired: (1) 5,200 trust units of Artis Real Estate Investment Trust at a price per trust unit of \$13.33; (2) 5,400 trust units of Cominar Real Estate Investment Trust at a price per trust unit of \$12.94; and (3) 5,400 trust units of H&R Real Estate Investment Trust at a price per trust unit of \$20.51.

The Company received final approval of the TSX Venture Exchange (the "Exchange") for the Investments on July 25, 2018 and the Investments constitute the Company's second investment as required pursuant to the undertaking provided to the Exchange in connection with the Company's change of business completed on January 2, 2018. Each of the Investments was an "arm's length transaction" for the purposes of the TSX Venture Exchange.

The short-term investment is recorded at fair market value with realized and unrealized gains and losses reported in the statement of comprehensive loss. On October 12, 2018, the Company sold all the Investments for gross proceeds of \$225,569, resulting in a loss of \$24,431.

9. Financial risk management objectives and policies

(a) Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash.

The Company limits its exposure to credit risk on liquid financial assets through investing its cash and cash equivalents and short-term investments with high credit quality financial institutions.

(c) 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 ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently invested in business accounts with high-credit quality financial institutions which are available on demand by the Company for its programs. As at March 31, 2019, the Company had a cash and cash equivalents and short-term investments of \$16,943 (June 30, 2018: \$510,339), accounts and other receivable (excluding GST receivables) of \$37,641 (June 30, 2018: \$46,667) and current liabilities of \$191,866 (June 30, 2018: \$60,698).

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices 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 exposures within acceptable parameters, while optimizing the return.

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(e) Interest Rate Risk

The Company is subject to interest rate risk with respect to its investments in cash. The Company's current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity, while achieving a satisfactory return for shareholders. The Company's interest income is subject to bank deposit interest rates. During the nine months ended March 31, 2019, the Company received \$2,000 of interest income from loans which is based on the interest rate in the loan agreement. Since the deposit at the Company's Saving Accounts is below \$1 million which is the minimum requirement to be qualified for interest income, the fluctuation in bank interest rates would not affect interest income.

(f) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company manages its capital structure through the preparation of operating budgets, which are approved by the Board of Directors. There were no changes in the Company's approach to capital management during the period. The Company does not have any externally imposed capital requirements or external covenants to which it is subject to.