PEPCAP RESOURCES, INC.

Interim Condensed

Consolidated Financial Statements

March 31, 2021

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM 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 financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company'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 interim financial statements by the entity's auditor.

PEPCAP RESOURCES, INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at:		**March 31, 2020**		September 30, 2020
Assets				
Current Assets				
Cash	$	**22,439**	$	6,396
GST receivable		**1,240**		3,128
Asset available for sale (Note 4)		**571,923**		552,235
Total Current Assets		**595,602**		561,759
Total assets	$	**595,602**	$	561,759
Liabilities and Shareholders' equity (deficiency)				
Current Liabilities				
Accounts payable and accrued liabilities (Note 6)	$	**548,565**	$	440,437
Deposit received for property sale (Note 4)		**509,960**		494,877
Total current liabilities		**1,058,525**		935,314
Shareholders' equity (deficiency)				
Share capital (Note 5)		**4,197,016**		4,197,016
Share-based reserve (Note 5)		**309,013**		309,013
Equity portion of convertible debentures		**111,646**		111,646
Accumulated other comprehensive loss		**92,632**		93,169
Accumulated deficit		**(5,519,133)**		(5,422,333)
Total shareholders' deficiency attributable to Pepcap Resources, Inc. shareholders		**(808,826)**		(711,489)
Non-controlling interest (Note 1)		**345,903**		337,934
Total shareholders' equity (deficiency)		**(462,923)**		(373,555)
Total liabilities and shareholders' equity (deficiency)	$	**595,602**	$	561,759

Nature of organization and continuance of operations (Note 1).

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on May 31, 2021.

"Sophie Tran"
Sophie Tran - Director

"Kwan Tek Sian"
Kwan Tek Sian (Alan Kwan) - Director

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

PEPCAP RESOURCES, INC.

Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

(Expressed in Canadian dollars)

	Three months ended March 31, 2021	Three months ended March 31, 2020	**Six months ended March 31, 2021**	Six months ended March 31, 2020
Expenses				
General and administrative (Note 7)	**$ 33,161**	**$** 15,572	$ **71,162**	$ 36,636
Legal fees	**-**	21,602	**4,328**	41,729
Transfer agent and filing fees	**9,299**	2,302	**13,341**	12,037
Net loss before the following:	**(42,460)**	(39,476)	**(88,831)**	(90,402)
Translation adjustment	**(812)**	589	**(537)**	827
Net and comprehensive income (loss)	**$ (43,272)**	$ (38,887)	$ **(89,368)**	$ (89,575)
Net loss attributable to:				
Pepcap shareholders	**$ (43,983)**	$ (37,376)	$ **(96,800)**	$ (88,432)
Non-controlling interest	**1,523**	(2,100)	**7,969**	(1,970)
	$ (42,460)	$ (39,476)	$ **(88,831)**	$ (90,402)
Basic and diluted loss per share attributable to Pepcap shareholders	**$ 0.001**	$ 0.001	$ **0.002**	$ 0.002
Weighted average number of shares outstanding – basic and diluted	**44,017,976**	44,017,976	**44,017,976**	44,017,976
Comprehensive loss attributable to:				
Pepcap shareholders	**$ (44,795)**	$ (36,787)	$ **(97,337)**	$ (87,605)
Non-controlling interest	**1,523**	(2,100)	**7,969**	(1,970)
	$ (43,272)	$ (38,887)	$ **(89,368)**	$ (89,575)

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

PEPCAP RESOURCES, INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the six months ended March 31, 2021 and 2020 *(Expressed in Canadian dollars)*

		Share capital	Share-based reserve	Equity portion of convertible Debenture	Other comprehensive loss	Deficit	Total shareholders' equity attributable to Pepcap Shareholders	Non-controlling Interest	Total shareholders' equity (deficiency)
Balance, September 30, 2019	$	4,197,016	309,013	111,646	150,649	(5,198,531)	(430,207)	323,260	(106,947)
Translation adjustment		-	-	-	827	-	827	-	827
Net loss for the period		-	-	-	-	(88,432)	(88,432)	(1,970)	(90,402)
Balance, March 31, 2020	$	4,197,016	309,013	111,646	151,476	(5,286,963)	(517,812)	321,290	(196,522)
Translation adjustment		-	-	-	(58,307)	-	(58,307)	-	(58,307)
Net loss for the period		-	-	-	-	(135,370)	(135,370)	16,644	(118,726)
Balance, September 30, 2020	$	4,197,016	309,013	111,646	93,169	(5,422,333)	(711,489)	337,934	(373,555)
Translation adjustment		-	-	-	(537)	-	(537)	-	(537)
Net loss for the period		-	-	-	-	(96,800)	(96,800)	7,969	(88,831)
Balance, March 31, 2021	**$**	**4,197,016**	**309,013**	**111,646**	**92,632**	**(5,519,133)**	**(808,826)**	**345,903**	**(462,923)**

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

PEPCAP RESOURCES, INC.
Consolidated Statements of Cash flows
(Expressed in Canadian dollars)

For the six months ended:		**March 31, 2021**		March 31, 2020
Cash provided by (used in):				
Operating activities				
Net loss for the period	$	**(88,831)**	$	(89,575)
Non-cash adjustments:				
GST receivable		**1,888**		15,581
Due (to) from director- trustee		**-**		77,448
Asset available for sale		**(19,688)**		14,507
Accounts payable and accrued liabilities		**108,128**		16,777
Net cash provided by operating activities		**1,497**		34,738
Investing Activities				
Deposit received for property sale		**15,083**		-
Net cash provided by investing activities		**15,083**		-
Foreign exchange differences		**(537)**		(14,692)
Increase in cash		**16,043**		20,046
Cash, beginning of the period		**6,396**		5,678
Cash, end of the period	$	**22,439**	$	25,724

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

1. Nature of organization and continuance of operations

Pepcap Resources, Inc. (the "Company" or "Pepcap") was incorporated under the laws of the Alberta Business Corporations Act on January 31, 2012 and was continued into the Province of British Columbia on May 14, 2015.

In May 2015, the Company acquired 51% of the total issued and outstanding common shares of Asia Mining Management B.V., a private company registered in the Netherlands ("Asia Mining"). As a result, the Company held an indirect controlling interest in PT. Krida Darma Andika, a private company registered in Indonesia ("Andika"), a 99.6% owned subsidiary of Asia Mining that owns mining concessions in Sumatra, Indonesia divided into two coal blocks, including three coal concessions that are located in the Napal Putih and Putri Hijau districts of North Bengkulu Regency of Bengkulu Province, Indonesia (the "Properties").

Effective April 30, 2018, as the Company was not able to maintain the requirements for a TSX Venture Exchange Tier 2 company, the listing was transferred to the NEX. As of that date, the Company was subject to restrictions on share issuances and certain types of payments as set out in the NEX policies.

The trading symbol for the Company changed from WAV to WAV.H. There was no change in the Company's name, no change in its Cusip number and no consolidation of share capital. The Company's head office is located at 2300, 550 Burrard Street, Vancouver, BC, V6C 2B5.

Going concern

These interim condensed consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. During the six months ended March 31, 2021, the Company generated a net loss of $88,831 (2020 - $90,402) and had cash flows provided by operations of $1,497 (2020 - $34,738). As of March 31, 2021, the Company had an accumulated deficit of $5,519,133. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain necessary equity or other financing arrangements and/or to attain sufficient profitable operations. The ability of the Company to be successful in obtaining financing cannot be predicted at the present time. These interim condensed consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant accounting policies

Basis of preparation

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The interim condensed consolidated financial statements have been prepared on an accrual basis, based on historical costs, except for items carried at fair value and are presented in Canadian dollars, which is also the Company's functional currency.

The interim condensed consolidated financial statements include the financial statements of the Company, it's 51% owned subsidiary Asia Mining and Asia Mining's 99.6% owned subsidiary, Andika. All intercompany transactions and balances have been eliminated.

2. Significant accounting policies *(continued from previous page)*

Statement of compliance

The unaudited condensed interim financial statements for the six months ended March 31, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. These unaudited condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2020.

Newly adopted accounting standards

The Company adopted the following accounting standards effective October 1, 2020:

- IAS 1 - *Presentation of Financial Statements* ("IAS 1") and IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8") - The standards were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements. The amendment also clarifies the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

- IFRS 3 - *Business Combinations* ("IFRS 3") – The standard was amended in October 2018 to clarify the definition of a business. This amended definition states that to be considered a business, an acquisition have to include an input and a substantive process that together significantly contribute to the ability to create outputs. Also, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

As a result of adopting these standards, amendments and interpretations, there was no impact to the consolidated financial statements for the six months ended March 31, 2021.

3. Significant accounting estimates and judgments

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

(Expressed in Canadian dollars)

4. Asset available for sale

The Company, through Asia Mining and its 99.6% owned subsidiary, Andika, hold Properties in Sumatra, Indonesia. The Properties are divided into two coal blocks located in the Napal Putih and Putri Hijau districts of the North Bengkulu Regency of Bengkulu Province, Indonesia. Andika holds a one hundred percent (100%) undivided interest in the Properties. The costs incurred to date are as follows:

Balance, September 30, 2017	$	-
Reversal of impairment based on potential sale		540,477
Balance, September 30, 2018		540,477
Foreign translation adjustment		7,783
Balance, September 30, 2019		548,260
Foreign translation		3,975
Balance, September 30, 2020		552,235
Foreign translation		19,688
Balance, March 31, 2021	**$**	**571,923**

Asia Mining entered into a sale and purchase agreement dated August 31, 2018, with an arm's-length party for all of the shares of Andika. Pursuant to the terms of the purchase agreement, the purchaser has agreed to purchase all 14,940 ordinary shares of Andika held by Asia Mining for $414,000 USD ($548,260) (the “Consideration”), payable in tranches.

As at March 31, 2021, the purchaser has advanced to the Company, a total of $383,000 USD ($509,960CAD) (September 30, 2020: $371,000 USD, ($494,877CAD)). The deposit received from the purchaser was deposited in the bank account of a director acting as a trustee on behalf of Asia Mining. The net amount due from this director related to the deposit received (“Trust Funds”), as at March 31, 2021 was $nil (September 30, 2020: $nil) after paying for exploration and evaluation maintenance fees, and disbursement of other payments and loans.

During the six months ended March 31, 2021, the purchaser paid $12,000 USD ($15,083CAD) (September 30, 2020: $40,000 USD ($56,534CAD) to Asia Mining as part of the advances under the purchase agreement, which was deposited into the bank account of a director - trustee.

As of March 31, 2021, the final payment of $31,000 USD remains outstanding and will be paid by the purchaser to the Company upon delivery of the remaining IUP license, subject to the completion process stated below.

Completion of the transaction is subject to a number of conditions including, but not limited to, shareholder closing conditions customary to transactions of the nature of the transaction, shareholder approval (received during the year ended September 30, 2020) and approvals of all regulatory bodies having jurisdiction in connection with the transaction (conditional approval received), and final acceptance from the TSX Venture Exchange, which remains pending.

As at March 31, 2021, the sale process had not completed as the final amount of $31,000 USD has not been received and accordingly, the carrying value of the exploration and evaluation asset of Andika was presented in the consolidated statement of financial position as asset available for sale.

The carrying value of the asset available for sale is $571,923 (September 30, 2020: $552,235) which represents the proceeds that the Company has and will receive on the closing of the transaction less estimated costs which are expected to be nominal.

(Expressed in Canadian dollars)

5. Share capital

Authorized:

Unlimited number of common voting shares without nominal or par value
Unlimited number of preferred shares without nominal or par value

Issued:

Common Shares	Number of shares		Amount
Balance, September 30, 2019	44,017,976	$	4,197,016
Balance, March 31, 2021 and September 30, 2020	**44,017,976**	$	4,197,016

Stock options

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 the TSX Venture Exchange requirements, grant to directors, officers, employees and consultants to 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.

As of March 31, 2021 and September 30, 2020, the are no stock options outstanding.

6. Related party transactions

Key management compensation – the following amounts were paid or accrued to directors and former directors of the Company for the six months ended March 31, 2021:

For the six months ended:		**March 31, 2021**		March 31, 2020
Paid or accrued consulting fees to the officer of the Company (2020 - paid to former CFO)	$	**30,450**	$	29,378
Paid or accrued management fees to an officer and director of the Company		**21,000**		-
Paid or accrued director fees		**18,000**		-
	$	**69,450**	$	29,378

Minority shareholders in Asia Mining were owed $69,679 at March 31, 2021 (September 30, 2020 - $72,799). As at March 31, 2021, due from director - trustee of $nil (September 30, 2020 - $nil) is related to Trust Funds received by a director - trustee on behalf of the Company's 51% owned subsidiary Asia Mining on sale of Andika net of expenditures paid on behalf of Asia Mining. Included in accounts payable and accrued liabilities at March 31, 2021 is $129,072 (September 30, 2020 - $138,220) for accrued fees and other expenses owing to directors and officers of the Company.

7. Capital management

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to meet its exploration development plan and permitting in order to ensure growth of its operations.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

(i) to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
(ii) to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements and there were no significant changes in the Company's approach to capital management for the six months ended March 31, 2021.

8. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash, due from director-trustee and accounts payable and accrued liabilities and deposit received for property sale. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of cash is determined using level 1 inputs. The carrying amount of due from director - trustee and accounts payable and accruals and deposit received for property sale approximates their fair value due to the short-term maturities of these items.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021, the Company had a cash balance of $22,439 (September 30, 2020 - $6,396) to meet current liabilities of $1,058,525 (September 30, 2020 - $935,314). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Liquidity risk has been assessed as high.

8. Financial instruments (continued from previous page)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a. *Interest rate risk*

The Company has cash balances that bear no significant interest.

b. *Foreign currency risk*

The Company has certain financial instruments that are impacted by exchange rate fluctuations of the US dollar and Euro. A 5% change in the exchange rate at March 31, 2021 of the US dollar or Euro is estimated to have a negligible effect on the net loss for the period.

c. *Commodity price risk*

The Company has not entered into the production phase and therefore the impact of commodity price fluctuations is limited to the Company's ability to raise funds to continue to explore and develop its coal concessions.