Spirit Banner II Capital Corp.

(A Capital Pool Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

JUNE 30, 2021

(Expressed in Canadian Dollars)

(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim financial statements of Spirit Banner Capital Corp. ("the Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three months ended June 30, 2021 have not been reviewed by the Company's auditors.

Spirit Banner II Capital Corp.

Condensed Interim Statement of Financial Position

June 30, 2021 and March 31, 2021

(Unaudited)

	June 30, 2021 $	March 31, 2021 $
Assets		
Current assets		
Cash and cash equivalents	**412,725**	423,468
Total assets	**412,725**	423,468
Liabilities		
Current liabilities		
Trade and other payables	**32,752**	13,549
Shareholders' equity		
Share capital	**720,172**	720,172
Contributed surplus	**113,953**	113,953
Deficit	**(454,152)**	(424,206)
Total shareholders' equity	**379,973**	409,919
Total liabilities and shareholders' equity	**412,725**	423,468

Going concern (note 3)

Approved by the Board of Directors:

Director: Bataa Tumur-Ochir

Director: Matthew Wood

Spirit Banner II Capital Corp.

Condensed Interim Statement of Loss and Comprehensive Loss

For the three months ended June 30, 2021 and 2020

(Unaudited)

	Three-month period ending June 30, 2021	Three-month period ending June 30, 2020
	$	$
General and administrative expenses		
Professional fees	**25,767**	7,009
Listing fees	**4,086**	1,049
Office and administration	**92**	328
Total general and administrative expenses	**29,945**	8,386
Net loss for the period	**(29,946)**	(8,386)
Basic and diluted loss per share	**(0.01)**	(0.00)
Weighted average number of common shares outstanding – basic and diluted	**5,015,000**	5,015,000

Spirit Banner II Capital Corp.

Condensed Interim Statement of Changes in Shareholders' Equity

For the three months ended June 30, 2021 and 2020

(Unaudited)

	Number of shares	Share capital	Contributed surplus	Deficit	Total equity
Balance, March 31, 2020	11,615,000	720,172	113,953	(372,339)	461,786
Loss for the period	-	-	-	(8,386)	(8,386)
Balance, June 30, 2020	11,615,000	720,172	113,953	(380,725)	453,400
Balance, March 31, 2021	11,615,000	720,172	113,953	(424,206)	409,919
Loss for the period	-	-	-	(29,946)	(29,946)
Balance, June 30, 2021	**11,615,000**	**720,172**	**113,953**	**(454,152)**	**379,973**

Spirit Banner II Capital Corp.

Condensed Interim Statements of Cash Flows

For the three months ended June 30, 2021 and 2020

(Unaudited)

	Three-month period ending June 30, 2021 $	Three-month period ending June 30, 2020 $
Cash (used in) provided by:		
Operating activities		
Net loss for the period	**(29,945)**	(8,386)
Changes in items of working capital		
Trade and other payables	**19,202**	(3,239)
Net cash used in operating activities	**(10,743)**	(11,625)
Net (decrease) increase in cash during the period	**(10,743)**	(11,625)
Cash and cash equivalents, beginning of period	**423,468**	472,400
Cash and cash equivalents, end of period	**412,725**	460,775

The notes are an integral part of these financial statements.

1 Incorporation and Nature of Business

Spirit Banner II Capital Corp. (the "Corporation") was incorporated under the Business Corporation Act (Ontario) on September 29, 2017 and has applied to be classified as a Capital Pool Company as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

The registered office of the Corporation is located at Suite 400, 90 Adelaide Street West, Toronto, Ontario M5J 4A6.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

As of June 30, 2021, the Corporation has not experienced any adverse impacts from COVID-19 and continues to operate as intended.

On August 20, 2021, the Board of Directors approved the unaudited condensed interim financial statements for the three months ended June 30, 2021.

2 Basis of presentation and statement of compliance

These unaudited condensed interim financial statements ("Interim Financial Statements") have been prepared in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2020 ("Annual Financial Statements") which have been prepared in accordance with IFRS as issued by the IASB.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause a difficulty to search and/or complete a Qualifying Transaction, which may negatively impact the Company's business and financial condition.

3 Share capital

Authorized, Unlimited common

	Number of common shares	Amount $
Balance, March 31, 2021 & June 30, 2021	11,615,000	720,172

Escrowed Shares

i) During the period ended March 31, 2018, the corporation issued 6,600,000 common shares at $0.05 per share for total proceeds of $330,000. The corporation incurred share issuance costs of $2,500 related to this issuance. The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued. As a result, the escrow shares have not been contemplated in the weighted-average shares outstanding calculation.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow.

3 Share capital (continued)

Options

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be exercised for a maximum term of ten years from the date of the grant. They are non-transferable and expire the greater of 90 days of termination of employment or holding office as director or officer of the Corporation and 12 months after the completion of the Qualifying Transaction and, in the case of death, expire one year thereafter.

Any shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions. Unless otherwise stated, the options fully vest when granted.

The following table reflects the continuity of stock options:

	June 30, 2021		March 31, 2021	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Stock options, beginning of year	**1,161,500**	**0.10**	1,663,000	0.10
Expired	-	-	(501,500)	(0.10)
Stock options outstanding, end of year	**1,161,500**	**0.10**	1,161,500	0.10

The total stock options outstanding at June 30, 2021 are as follows:

Expiry Date	Exercise prices ($)	Weighted average remaining term (years)	Number of options outstanding	Options exercisable
November 1, 2023	0.10	2.34	1,161,500	1,161,500
	0.10	**2.34**	**1,161,500**	**1,161,500**

4 Related party transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the period ended June 30, 2021 and 2020, there were no related party transactions and no remuneration was paid to key management personnel.

5 Financial risk management objectives and policies

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital. The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that reasonable general and administrative expenses of the Corporation may not exceed $3,000 per month. Further, common shares are to be held in escrow that include, seed shares issued below the Corporations initial public offering price, shares acquired from treasury by related parties to the Corporation and shares issued on exercising of stock options at an exercise price below that of the Corporations initial public offering price. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash, and trade and others payables approximate fair value due to the relatively short term maturity of the instruments. It is management’s opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.