

HIGH MOUNTAIN CAPITAL CORPORATION

(A Capital Pool Corporation)

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD FROM JANUARY 18, 2018 (DATE OF INCORPORATION)

TO

JUNE 30, 2018

Notice to Reader

The accompanying unaudited condensed interim financial statements of High Mountain Capital Corporation (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

HIGH MOUNTAIN CAPITAL CORPORATION

INTERIM FINANCIAL STATEMENTS

JUNE 30, 2018

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HIGH MOUNTAIN CAPITAL CORPORATION
STATEMENT OF INTERIM FINANCIAL POSITION
 (All Amounts are in Canadian Dollars)
 (Unaudited)

As at **June 30, 2018**

	Notes	\$
ASSETS		
CURRENT		
Funds held in trust	5	331,705
Sales tax receivable		6,850
Deferred financing costs	6	-
TOTAL ASSETS		338,555
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities		10,014
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
Issued and Outstanding – 5,700,000 Common shares	7	317,680
Warrants		10,861
Contributed Surplus		29,810
Accumulated Deficit		(29,810)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		338,555

APPROVED ON BEHALF OF THE BOARD

(signed) "William A. Kanters" William A. Kanters
 Chief Executive Officer and
 Director

(signed) "V.E. Dale Burstall" V.E. Dale Burstall
 Director

See the accompanying notes to the financial statements
HIGH MOUNTAIN CAPITAL CORPORATION
STATEMENT OF INTERIM OPERATING AND COMPREHENSIVE LOSS
(All Amounts are in Canadian Dollars)
(Unaudited)

For the Period from January 18, 2018 (Date of Incorporation) to June 30, 2018

	Three months ended June 30, 2018	Six months ended June 30, 2018
EXPENSES		
General and administrative	29,810	29,810
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(29,810)	(29,810)
NET LOSS PER SHARE – Basic and diluted	\$(0.01)	\$(0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – Basic and diluted	3,405,556	2,312,270

See the accompanying notes to the financial statements

HIGH MOUNTAIN CAPITAL CORPORATION
STATEMENT OF INTERIM CHANGES IN
SHAREHOLDERS' EQUITY
(All Amounts are in Canadian Dollars)
(Unaudited)

For the Period from January 18, 2018 (Date of Incorporation) to June 30, 2018

	Number of Common Shares	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
Balance, January 18, 2018	-	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of common shares for cash	2,200,000	110,000	-	-	-	110,000
Private placement for cash	3,500,000	207,680	10,861	-	-	218,541
Share-based compensation	-	-	-	29,810	-	29,810
Net loss	-	-	-	-	(29,810)	(29,810)
Balance, June 30, 2018	5,700,000	\$ 317,680	\$ 10,861	\$ 29,810	\$ (29,810)	\$ 328,541

See the accompanying notes to the financial statements

HIGH MOUNTAIN CAPITAL CORPORATION
STATEMENT OF INTERIM CASH FLOW
(All Amounts are in Canadian Dollars)
(Unaudited)

For the Period from January 18, 2018 (Date of Incorporation) to June 30, 2018

OPERATING ACTIVITIES

Net loss	\$ (28,910)
Stock-based compensation	28,910
Increase in sales tax receivable	(6,850)
Increase in deferred financing costs	-
Increase in accounts payable	10,014
	<hr/>
Operating cash (held in trust)	\$ 3,164

FINANCING ACTIVITIES

Issue of common shares and warrants	328,541
Opening cash (held in trust)	-
	<hr/>
Closing cash (held in trust)	<u>\$ 331,705</u>

See the accompanying notes to the financial statements

HIGH MOUNTAIN CAPITAL CORPORATION
NOTES TO THE INTERIM FINANCIAL STATEMENTS
June 30, 2018
(All Amounts are in Canadian Dollars)

1. Nature of Organization

Description of the Business

High Mountain Capital Corporation (the "Corporation") was incorporated under the *Business Corporations Act* (Alberta) on January 18, 2018 ("date of incorporation") and is classified as a Capital Pool Corporation as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). On May 30, 2018, the Corporation announced it had completed its Initial Public Offering and that it was now defined as a Capital Pool Corporation trading under the symbol BUZD.P.

The principal business of the Corporation will be to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein. The purpose of such an acquisition is to satisfy the related conditions of a "Qualifying Transaction" under the Exchange rules. The Corporation has not commenced operations and has no assets other than cash held in trust. 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 proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Corporation, in respect of the sale of its securities, or \$138,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation, as defined under the policies of the Exchange. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval.

The address of the Corporation's registered office is 1600, 333 – 7th Avenue S.W., Calgary, AB T2P 2Z1.

The interim financial statements of the Corporation for the period from January 18, 2018 to June 30, 2018 were authorized for issuance in accordance with a resolution of the directors on August 24, 2018.

2. Basis of Preparation

Statement of Compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The same accounting policies and methods of computation are followed in these interim financial statements as compared with the most recent audited financial statements as at and for the period ended February 28, 2018. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2018 could result in restatement of these interim financial statements.

These financial statements are the Corporation's first interim financial statements prepared under IFRS and the first interim financial statements prepared since the date of incorporation.

Basis of Measurement

These financial statements are stated in Canadian dollars and were prepared on a going concern basis, under the historical cost convention.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

3. Summary of Significant Accounting Policies

Cash and cash equivalents

Cash equivalents consist of deposits with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Deferred Financing Costs

Financing costs related to the Corporation's proposed financing are recorded as deferred financing costs. These costs will be deferred until the financing is completed, at which time the costs will be charged against the proceeds received. If the financing does not close, the costs will be charged to operations.

Income Taxes

Income tax expense comprises current and deferred tax. Tax is recognized in the statement of comprehensive income except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current Income Tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Earnings (Loss) Per Share

The Corporation presents basic earnings (loss) per share for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders on the weighted average number of common shares outstanding when the effect is anti-dilutive.

Non-derivative Financial Instruments

Non-derivative financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

HIGH MOUNTAIN CAPITAL CORPORATION
NOTES TO THE INTERIM FINANCIAL STATEMENTS
June 30, 2018
(All Amounts are in Canadian Dollars)

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Liabilities in this category include accounts payable and accrued liabilities.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

Impairment of Financial Assets

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in operations.

Fair Value Hierarchy

The Corporation classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique use to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Financial Instruments

The following is a summary of significant categories of financial instruments outstanding at June 30, 2018:

Funds held in trust	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

Carrying value and fair value of financial assets and liabilities are summarized as follows:

<u>Classification</u>	<u>Carrying value</u>	<u>Fair value</u>
Cash	\$331,705	\$331,705
Other financial assets	6,850	6,850
Other financial liabilities	10,014	10,014

The Corporation initially measures all its financial instruments at fair value. Subsequent measurement and treatment of any gain or loss is recorded as follows:

- (a) Fair values through profit and loss are measured at fair value at the Statement of Financial Position date with any gain or loss recognized immediately in operations. Interest and dividends earned from held-for-trading are

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also included in operations for the period. For the period ended June 30, 2018, the Corporation has not earned income. All losses recorded to June 30, 2018 relate to stock-based compensation.

- (b) Other financial liabilities are measured at amortized cost using the effective interest method.
- (c) Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at the date of incorporation, and are recognized over the term of the assets or liabilities using the effective interest method. Any gains or losses are recognized in operations.

Share-based Payments

Stock options issued by the Corporation are accounted for in accordance with the fair value based method. The fair value of options issued to directors, officers, employees of and consultants to the Corporation is charged to operations on a straight line basis over the vesting period of each tranche (graded vesting) with the offsetting amount recorded to contributed surplus. The historical forfeiture rate is also factored in to the calculations. When options are exercised, the amount received, together with the amount previously recorded in contributed surplus are added to capital stock. The fair value of warrants issued to agents in conjunction with a public offering is charged to share issue costs with an offsetting amount recorded to contributed surplus. Fair value is measured using the Black-Scholes option pricing model

Recent Accounting Pronouncements

The Corporation has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at June 30, 2018 but are not yet effective. Unless otherwise stated, the Corporation does not plan to early adopt any of these new or amended standards and interpretations.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

4. Summary of Accounting Estimates and Assumptions

The preparation of the interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and

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judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

5. Funds held in Trust

The Corporation has \$331,705 held in trust with its lawyers. These funds were transferred to the Corporation's bank account subsequent to June 30, 2018.

6. Deferred Financing Costs

Deferred financing costs consist of professional fees incurred in relation to the public offering. They were charged against capital stock upon the issuance of the common shares and paid in the June 2018 quarter.

7. Capital Stock

(a) **Authorized**

An unlimited number of common shares.

An unlimited number of preferred shares, issuable in series.

(b) **Issued common shares**

	Number	Amount
Balance at January 18, 2018	1	\$ -
Issuance of shares for cash (i)	2,199,999	110,000
Issuance of shares for cash (ii)	350,000	207,680
Balance at June 30, 2018	5,700,000	\$ 317,680

- (i) One (1) common share was issued upon incorporation of the Corporation on January 18, 2018, for proceeds of \$0.05, and on February 28, 2018, the directors and officers of the Corporation subscribed for 2,199,000 common shares at a price of \$0.05 per common share for gross proceeds of \$109,995.95.

All 2,200,000 issued and outstanding common shares of the Corporation, and all common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, will be held in escrow pursuant to the requirements of the Exchange.

- (ii) On May 30, 2018, the Corporation completed its Initial Public Offering ("IPO") of 3,500,000 common shares at \$0.10 per share (\$350,000). The Corporation entered into an agreement with Haywood Securities Inc. (the "Agent") to raise up to \$350,000 in connection with the Corporation's IPO. The Corporation paid a commission of 10% of gross proceeds to the Agent, and granted the Agent warrants to acquire 10% of the common shares issued in the offering exercisable for a period ending twenty-four months from the date the Corporation's Common Shares are listed on the TSX Venture Exchange, exercisable at \$0.10 per share. The Corporation also paid a corporate finance fee upon the closing of the offering and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering. The Corporation incurred cash issuance costs related to the IPO of \$131,459. Proceeds of the IPO were distributed as \$207,680 for shares and \$10,861 for warrants.

(c) **Stock Options and Warrants**

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 granted for a maximum term of ten years from the date of the grant. They are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Corporation and, in the case of death, expire one year thereafter.

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Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. 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.

Options were granted to Officers and Directors on the close of the Offering. The options were valued using the Black-Scholes model and the expense was charged to the Statement of Operations in the June 2018 period.

The following table reflects the continuity of stock options and warrants:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, January 18, 2018	-	\$ -	-	\$ -
Granted	350,000	0.10	568,000	0.10
Outstanding, June 30, 2018	350,000	\$ 0.10	568,000	\$ 0.10
Number exercisable, June 30, 2018	350,000	\$ 0.10	568,000	\$ 0.10

As at June 30, 2018, the following were outstanding:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted average period
Options	May 30, 2028	568,000	\$ 0.10	9.9 years
Warrants	May 30, 2020	350,000	\$ 0.10	1.9 years

8. Capital Risk Management

The Corporation manages its capital stock as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue to operate and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new common shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Corporation may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Corporation expects its current capital resources will be sufficient to carry its operations. The Corporation is not subject to any externally or internally imposed capital requirements as at June 30, 2018.

The Corporation's capital under management as at June 30, 2018 is \$331,705.

9. Financial Instruments and Risk Management

Risk Management

The Corporation does not manage risk through the use of hedging transactions. As a part of the overall operation of the Corporation, management takes steps to avoid undue concentrations of risk. The Corporation manages the risks, as follows:

Liquidity Risk

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is equity financing, which is used to finance working capital and capital expenditure requirements, and to meet the Corporation's financial obligations associated with financial liabilities. The Corporation's trade payables and accrued liabilities generally have contracted maturities of less than 30 days and are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

The Corporation does not trade in financial instruments and is not exposed to significant interest rate price risk as at June 30, 2018.

Market Risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: credit risk, currency risk and other price risk.

Credit Risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Corporation's credit risk is on its funds held in trust with the Corporation's lawyer. Management assesses credit risk related to funds held in trust as remote.

Currency Risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Corporation does not have any material transactions denominated in foreign currency and is not exposed to foreign currency risk as at June 30, 2018.

Other Price Risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Corporation are not exposed to other price risk as at June 30, 2018.

Fair Values

Financial instruments include funds held in trust and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate fair value due to the short term nature of financial instruments.

10. Subsequent Events

Subsequent to June 30, 2018, cash was transferred to the Corporation's bank account from the lawyer trust account.