Sanibel Ventures Corp.

(A Capital Pool Company)

Financial Statements
For the year ended March 31, 2019 and for the period from inception on October 24, 2017 to March 31, 2018
(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

Independent Auditor's Report

To the Shareholders of Sanibel Ventures Corp.,

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sanibel Ventures Corp. (the "Company"), which comprise the statements of financial position as at March 31, 2019 and 2018, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the year ended March 31, 2019 and for the period from inception on October 24, 2017 to March 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the year ended March 31, 2019 and for the period from inception on October 24, 2017 to March 31, 2018 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is James D. Gray.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC, Canada
July 29, 2019

SANIBEL VENTURES CORP.
(A Capital Pool Company)
Statements of Financial Position
(Expressed in Canadian Dollars)

	As at March 31, 2019	As at March 31, 2018
	$	**$**
ASSETS		
Current		
Cash	199,493	78,961
Prepaid expenses	5,005	10,000
TOTAL ASSETS	204,498	88,961
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 3)	26,194	15,144
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	263,101	100,000
Reserves (Note 5)	31,548	-
Deficit	(116,345)	(26,183)
	178,304	73,817
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	204,498	88,961

Nature of operations (Note 1)

These financial statements are authorized for issuance by the Board of Directors on July 29, 2019.

On behalf of the Board of Directors:

“Richard Silas”	“Rose Zanic”
Director	Director

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

SANIBEL VENTURES CORP.
(A Capital Pool Company)
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	For the year ended March 31, 2019	For the period from inception on October 24, 2017 to March 31, 2018
	$	$
Expenses		
Bank charges	779	186
Office and related	2,878	603
Professional fees	23,008	22,414
Property investigation costs	8,000	-
Share-based compensation (Notes 5 and 7)	30,040	-
Transfer and filing fees	27,284	2,980
	91,989	26,183
Other Item		
Interest income	(1,827)	-
Loss and comprehensive loss for the period	(90,162)	(26,183)
Basic and diluted loss per share	(0.07)	-
Weighted average number of common shares outstanding	1,360,889	-

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

SANIBEL VENTURES CORP.
(A Capital Pool Company)
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended March 31, 2019	For the period from inception on October 24, 2017 to March 31, 2018
	$	$
Cash flows used in operating activities		
Net loss for the period	(90,162)	(26,183)
Adjustments for non-cash items:		
Share-based compensation	30,040	-
Changes in non-cash working capital items:		
Prepaid expenses	4,995	-
Accounts payable and accrued liabilities	11,050	15,144
	(44,077)	(11,039)
Cash flows from financing activities		
Proceeds from shares issued	200,000	100,000
Share issue costs	(36,545)	(10,000)
Warrants exercised	1,154	-
	164,609	90,000
Net increase in cash	120,532	78,961
Cash, beginning of the period	78,961	-
Cash, end of the period	199,493	78,961

Non-cash transactions

Reclassification of value of warrants exercised	612	-
Warrants issued for share issue costs	2,120	-

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

SANIBEL VENTURES CORP.
(A Capital Pool Company)
Statements of Changes in Shareholders' Equity
For the period from inception on October 24, 2017 to March 31, 2018 and for the year ended March 31, 2019
(Expressed in Canadian Dollars)

	Number of Shares Issued	Share Capital	Reserves: Warrants	Reserves: Share Options	Reserves: Total	Deficit	Total Shareholders' Equity
		$	$	$	$	$	$
Balance at October 24, 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Issuance of incorporation share	1	1	-	-	-	-	1
Repurchase and cancellation of incorporation share	(1)	(1)	-	-	-	-	(1)
Proceeds from shares issued	2,000,000	100,000	-	-	-	-	100,000
Net loss for the period	-	-	-	-	-	(26,183)	(26,183)
Balance at March 31, 2018	**2,000,000**	**100,000**	**-**	**-**	**-**	**(26,183)**	**73,817**
Proceeds from shares issued	2,000,000	200,000	-	-	-	-	200,000
Share issuance costs	-	(38,665)	2,120	-	2,120	-	(36,545)
Share-based compensation	-	-	-	30,040	30,040	-	30,040
Warrants exercised	11,545	1,766	(612)	-	(612)	-	1,154
Net loss for the year	-	-	-	-	-	(90,162)	(90,162)
Balance at March 31, 2019	**4,011,545**	**263,101**	**1,508**	**30,040**	**31,548**	**(116,345)**	**178,304**

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

1. NATURE OF OPERATIONS

Sanibel Ventures Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on October 24, 2017. On July 27, 2018, the Company completed its Initial Public Offering (the "Offering") to be classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On August 1, 2018, the Company began trading its shares on the TSX-V under the trading symbol "SBEL.P". The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

The Company's head office, principal address and registered and records office is located at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4.

The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses within 24 months of listing on the TSX-V. Such a transaction will be subject to regulatory approval and may be subject to shareholder approval. There is no assurance that the Company will complete a transaction within twenty-four months from the date the Company's shares are listed on the TSX-V, at which time the TSX-V may suspend or de-list the Company's shares from trading.

The Company has not generated revenues from its operations to date. As at March 31, 2019, the Company has accumulated net losses of $116,345 since inception and has working capital of $178,304. Its continued existence will be dependent on equity financing on terms which are acceptable to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these financial statements.

Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The Company's Board of Directors approved these financial statements for issuance on July 29, 2019.

Basis of presentation

These financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

The accounting policies applied in preparation of these financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the period from inception on October 24, 2017 to March 31, 2018, except for the following:

Financial instruments

On April 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES - (continued)

Basis of presentation - (continued)

The following summarizes the significant changes in IFRS 9 compared to the previous standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.

- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

i. The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

ii. The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood or utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

2. SIGNIFICANT ACCOUNTING POLICIES - (continued)

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as other financial liabilities and carried on the statement of financial position at amortized cost.

As at March 31, 2019 and 2018, the Company did not have any derivative financial liabilities.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES - (continued)

Income taxes - (continued)

Deferred income tax:
Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Basic and diluted loss per share has not been presented as all of the Company's common shares have been excluded from the weighted average shares calculation because they are contingently returnable.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Share-based compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the graded vesting method. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company transfers the value of cancelled and expired unexercised vested stock options and compensatory warrants to deficit or share capital from reserves on the date of expiration, based on the nature of the item.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES - (continued)

Accounting pronouncements not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended March 31, 2019 and have not been applied in preparing these financial statements:

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company's financial statements.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2019	March 31, 2018
	$	$
Accounts payable	11,025	3,144
Accrued liabilities	15,169	12,000
	26,194	**15,144**

4. SHARE CAPITAL

Authorized Share Capital

Unlimited number of common shares without par value.

Issued Shares

During the year ended March 31, 2019:

On July 27, 2018, the Company completed its Offering of 2,000,000 common shares at a price of $0.10 per common share for gross proceeds of $200,000 pursuant to a prospectus dated June 15, 2018. The Company's agent engaged in connection with the Offering was paid a commission of $16,000, a Corporate Finance Fee of $8,400, and was reimbursed for its expenses of $12,145. The Company also granted 40,000 non-transferable warrants to its agent at a price of $0.10 per share for a period of 24 months. The finder's warrants were valued at $2,120 using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 2.05%, volatility of 100%, and nil forecasted dividend yield.

On August 7, 2018, the Company issued 11,545 common shares in connection with the exercise of 11,545 warrants with an exercise price of $0.10 for total proceeds of $1,154. As a result, the Company transferred $612 representing the fair value of the exercised warrants from reserves to share capital.

During the period from inception on October 24, 2017 to March 31, 2018:

The Company issued 2,000,000 shares at a price of $0.05 per share for gross proceeds of $100,000.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL - (continued)

Escrow shares

As at March 31, 2019, the Company has 2,000,000 shares subject to escrow restrictions. The escrowed shares will be released from escrow in tranches over 36 months from the Company's listing on the TSX-V.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended March 31, 2019 was based on the loss attributable to common shareholders of $90,162 and the weighted average number of common shares outstanding of 1,360,889.

Diluted loss per share did not include the effect of 2,000,000 escrowed shares, which are contingently returnable, outstanding stock options, and outstanding warrants as the effect would be anti-dilutive.

5. RESERVES

Stock options

The Company has a stock option plan ("the Plan") whereby it can grant options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company. Vesting and term of the option is determined by the board of directors in accordance with the Plan and the policies of the TSX-V.

On July 27, 2018, the Company granted 400,000 five-year stock purchase options exercisable at $0.10 per option valued at $30,040 estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 2.19%, volatility of 100%, and nil forecasted dividend yield. All options vested immediately on grant.

A summary of stock option activities is as follows:

	Number of options	Weighted average exercise price
		$
Balance, March 31, 2018	-	-
Granted	400,000	0.10
Balance, March 31, 2019	**400,000**	**0.10**

A summary of the stock options outstanding and exercisable at March 31, 2019 is as follows:

Exercise Price	Number Outstanding and Exercisable	Expiry Date
$		
0.10	400,000	July 27, 2023

The weighted average life of the outstanding stock options is 4.33 years.

(Expressed in Canadian Dollars)

5. RESERVES - (continued)

Warrants

A summary of share purchase warrant activities is as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance, March 31, 2018	**-**	**-**
Issued	40,000	0.10
Exercised	(11,545)	0.10
Balance, March 31, 2019	**28,455**	**0.10**

A summary of the warrants outstanding and exercisable at March 31, 2019 is as follows:

Exercise Price	Number Outstanding	Expiry Date
$		
0.10	28,455	July 27, 2020

The weighted average life of the outstanding warrants is 1.33 years.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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;
- 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 fair value of the Company's accounts payable and accrued liabilities approximate their carrying value. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk:
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited its cash with a high credit quality financial institution as determined by rating agencies to mitigate any risk.

(b) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - (continued)

(c) 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. The Company is not exposed to market risk.

(d) Interest rate risk:
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

7. RELATED PARTY TRANSACTIONS

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

Summary of key management personnel compensation:

	For the year ended March 31, 2019
	$
Share-based compensation	30,040

8. CAPITAL DISCLOSURES AND MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a Qualifying Transaction ("QT") as defined in TSX-V Policy 2.4. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSX-V.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in the TSX-V Policy 2.4 and summarized below:

1) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a QT;
2) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a QT;
3) No more than the lesser of $210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate a QT;
4) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

There were no changes in the Company's approach to capital management during the year ended March 31, 2019.

(Expressed in Canadian Dollars)

9. INCOME TAXES

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	March 31, 2019	March 31, 2018
	$	$
Loss before income taxes	(90,162)	(26,183)
Total expected income tax recovery at statutory rates	(24,300)	(6,900)
Net adjustment for deductible and non-deductible amounts	(1,500)	-
Unrecognized benefit of income tax losses	25,800	6,900
Actual income tax recovery	-	-

The significant components of the Company's deferred income tax assets are as follows:

	March 31, 2019	March 31, 2018
	$	$
Deferred income tax assets:		
Non-capital loss carry-forwards	24,900	6,900
Share issue costs	29,200	-
	54,100	6,900
Valuation allowance	(54,100)	(6,900)
Net deferred tax assets	-	-

At March 31, 2019, the Company has approximately $24,900 of loss carry forwards which may be available to reduce taxable income in future years. These losses expire as follows:

	Non-capital Losses
	$
2038	6,900
2039	18,000
	24,900

The deferred tax assets have not been recognized because at this stage of the Company's development it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.