KISMET RESOURCES CORP.

Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

As at and for the three months ended March 31, 2019 and for the period from incorporation on March 14, 2018 to March 31, 2018

Kismet Resources Corp.

(the “Company” or “Kismet”)

INTERIM FINANCIAL STATEMENTS
As at and for the three months ended March 31, 2019 and for the period from incorporation on March 14, 2018 to March 31, 2018

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Management of Kismet Resources Corp. is responsible for the preparation of the accompanying unaudited interim financial statements. The unaudited interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company’s auditor has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

KISMET RESOURCES CORP.
Interim Statement of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
As at

		March 31, 2019		December 31, 2018
Assets				
Current Assets				
Cash	**$**	**169,451**	**$**	193,809
Accounts receivable		**795**		1,078
Prepaid expenses		**-**		2,625
Total Assets	$	**170,246**	**$**	197,512
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**2,550**	**$**	15,639
Shareholders' Equity				
Share capital (Note 5)		**247,879**		247,879
Reserves		**42,400**		42,400
Deficit		**(122,583)**		(108,406)
		167,696		181,873
Total Liabilities and Shareholders' Equity	**$**	**170,246**	**$**	197,512

Nature and continuance of operations (Note 1)

Approved on Behalf of the Board on May 27, 2019:

"Evandra Nakano"
Director

"Shervin Teymouri"
Director

The accompanying notes are an integral part of these Interim Financial Statements

KISMET RESOURCES CORP.
Interim Statement of Loss and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	For the three months ended March 31, 2019	For the period from incorporation on March 14 to March 31, 2018
Expenses		
Bank charges	**$ 27**	$ 6
Management fees	**3,000**	-
Professional fees	**2,079**	-
Transfer agent and filing fees	**9,071**	-
Loss and comprehensive loss for the period	**14,177**	6
Weighted average number of shares outstanding – basic and diluted	**2,000,000**	1
Basic and diluted loss per share	**$ (0.01)**	$ 6.00

The accompanying notes are an integral part of these Interim Financial Statements

KISMET RESOURCES CORP.

Interim Statement of Changes in Shareholders' Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Share Capital Number	Share Capital Amount	Reserves	Deficit	Total Shareholders' Equity
Balance, (incorporation) – March 14, 2018	**-**	**$ -**	**$ -**	**$ -**	**$ -**
Incorporation share issued	1	1	-	-	1
Incorporation share cancelled	(1)	(1)	-	-	(1)
Common shares issued	4,000,000	300,000	-	-	300,000
Share issuance costs	-	(52,121)	10,700	-	(41,121)
Share-based compensation	-	-	31,700	-	31,700
Loss and comprehensive loss	-	-	-	(108,406)	(108,406)
Balance, December 31, 2018	**4,000,000**	**$ 247,879**	**42,400**	**$ (108,406)**	**$ 181,873**

Balance, December 31, 2018	**4,000,000**	**$ 247,879**	**$ 42,400**	**$ (108,406)**	**$ 181,873**
Loss and comprehensive loss	-	-	-	(14,177)	(14,177)
Balance, March 31, 2019	**4,000,000**	**$ 247,879**	**$ 42,400**	**$ (122,583)**	**$ 167,696**

The accompanying notes are an integral part of these Interim Financial Statements

KISMET RESOURCES CORP.
Interim Statement of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	For the three months ended March 31, 2019	For the period from incorporation on March 14 to March 31, 2018
Cash provided by / (used for):		
Operating Activities:		
Loss for the period	**$ (14,177)**	$ (6)
Changes in non-cash working capital items:		
Account payable and accrued liabilities	**(13,089)**	6
Prepaid expenses	**2,625**	-
Account receivable	**283**	-
	(24,358)	-
Increase in cash for the period	**(24,358)**	-
Cash, beginning of the period	**193,809**	-
Cash, end of the period	**$ 169,451**	$ -
Supplemental information:		
Interest paid	**$** -	$ -
Income taxes	**$** -	$ -

The accompanying notes are an integral part of these Interim Financial Statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Kismet Resources Corp. ("Kismet" or the "Company") is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange (the "Exchange" or "TSX-V") Policy 2.4. The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on March 14, 2018. The Company's head office is located at 460 – 688 West Hasting Street, Vancouver, British Columbia, V6B 1P1, and its registered and records office address is at 2200-HSBC Building 885 West Georgia Street, Vancouver, British Columbia, Canada.

Since incorporation on March 14, 2018, the Company has had no active business operations. As a CPC, the Company's business objective is to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction ("QT"), as defined in Exchange Policy 2.4, subject, in certain cases, to shareholder approval and acceptance by the TSX-V. The Company has an accumulated deficit of $122,583 as at March 31, 2019. The Company currently has sufficient liquidity to meet its operational requirements for the next fiscal year. However, the Company's continued operations are dependent upon its ability to identify, evaluate and successfully negotiate an agreement to acquire an interest in a sustainable/viable business operation. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation, and/or will be able to obtain the financing necessary to support a new business acquisition. All of the preceding indicates the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

On September 19, 2018, the Company completed its initial public offering ("IPO"), whereby it issued 2,000,000 common shares at $0.10 per common share for total proceeds of $200,000 pursuant to a prospectus dated July 25, 2018. See Note 5 for details of this transaction.

2. BASIS OF PREPARATION

The condensed interim financial statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standard Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The condensed interim financial statements do not include all the information required for the full annual financial statements and should be read in conjunction with the most recent audited December 31, 2018 annual financial statements of the Company which are available on www.sedar.com.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company. The Company's financial statements were authorized for issue by the Board of Directors on May 27, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements of the Company have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for the statements of cash flows.

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's most recent audited annual December 31, 2018 financial statements of the Company which are available on www.sedar.com and reflect all the adjustments necessary for fair presentation in accordance with IAS 34. There has been no material impact on these financial statements from changes in accounting standards during the period.

4. NEW ACCOUNTING PRONOUNCEMENTS

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2018, except for the adoption, on January 1, 2019, of IFRS 16, Leases ("IFRS 16"), which has an initial application as at this date.

IFRS 16

New standard that replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosures of leases; effective for annual periods beginning on or after January 1, 2019. The adoption of this standard did not have an impact on its financial statements as the Company currently has no leases.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

5. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

On March 14, 2018, the Company issued one incorporator's share for $1. The incorporator's share was cancelled during the period from incorporation on March 14, 2018 to June 30, 2018.

On April 4, 2018, the Company issued 2,000,000 common shares at $0.05 per common share, for total proceeds of $100,000. These common shares are held in escrow and will be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of notice of final acceptance of a QT by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

All the escrow shares are considered contingently returnable until the Company completes a QT and accordingly, they are not considered to be outstanding shares for the purposes of the loss per share calculations.

On September 19, 2018, the Company completed an IPO of 2,000,000 common shares at a price of $0.10 per share for gross proceeds of $200,000. The Company paid a cash commission of $20,000 and a corporate finance fee of $10,000 and granted to the agent warrants to acquire 200,000 common shares at a price of $0.10 per common share until September 19, 2020.

As at December 31, 2018 and March 31, 2019, the Company had 4,000,000 common shares issued and outstanding.

As at December 31, 2018 and March 31, 2019, 2,000,000 common shares were held in escrow.

(c) Stock options

The Company has adopted a stock option plan (the "Stock Option Plan") whereby it can grant incentive stock options to directors, officers, employees and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Stock Option Plan is limited to 10% of the issued common shares of the Company on closing of IPO. The number of common shares that may be reserved for the issuance to any one individual upon exercise of all stock options held by any individual may not exceed 5% of the issued common shares. The vesting period for all options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price of the Company's common shares. All options granted under the Stock Options Plan will expire not later than the date that is ten years from the date that such options are granted.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

(c) Stock options (continued)

In the period ended December 31, 2018, the Company granted stock options to directors of the Company to acquire up to an aggregate of 400,000 common shares. Each option is exercisable to acquire one common share at a price of $0.10 any time prior to September 19, 2023. This resulted in share-based compensation expense using the Black-Scholes option-pricing model of $31,700. This amount was also recorded as reserves on the statement of financial position. The weighted average fair value of the stock options granted during the year was $0.08 per option. The risk-free interest rate was 2.27%, with an expected life of 5 years, and an annualized volatility of 110%.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, (incorporation) March 14, 2018	-	$ -
Granted	400,000	0.10
Balance, December 31, 2018 and March 31, 2019	**400,000**	**$0.10**

As at March 31, 2019, outstanding and exercisable options were as follows:

Grant Date	Number of options Outstanding and Exercisable	Exercise Price	Expiry date	Remaining contractual life (years)
September 19, 2018	400,000	$0.10	September 19, 2023	4.47
Fully vested and exercisable, as at March 31, 2019	**400,000**	**$0.10**	**September 19, 2023**	**4.47**

(d) Agent's warrants

On April 19, 2018, the Company issued 200,000 share purchase warrants (the "Agent's Warrants") entitling the Agent to purchase 200,000 common shares of the Company. Each Agent's Warrant is exercisable into one common share at a price of $0.10 per common share until September 19, 2020. The fair value of the 200,000 Agent's Warrants was $10,700, and was calculated using the Black-Scholes option pricing model. The weighted average fair value of these stock options granted to the agent was $0.05 per option. The risk-free interest rate was 2.27%, with an expected life of 2 years, and an annualized volatility of 110%.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

(d) Agent's warrants (continued)

A summary of the Company's agent warrants activity is as follows:

	Number of warrants	Weighted average exercise price
Balance, as at incorporation on March 14, 2018	**-**	**$ -**
Granted	200,000	$ 0.10
Balance as at December 31, 2018 and March 3, 2019	**200,000**	**$ 0.10**

As at March 31, 2019, outstanding agent warrants were as follows:

Grant Date	Number of options Outstanding and Exercisable	Exercise Price	Expiry date	Remaining contractual life (years)
September 19, 2018	200,000	$0.10	September 19, 2020	1. 47

6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

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 no more than the lesser of 30% of the gross proceeds from the issuance of common shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4.

7. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Related parties may be individual or corporate entities. The Company has identified its directors and officers as its key management personnel.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. There were no such related party transactions during the three months ended March 31, 2019, or for the period from incorporation on March 14, 2018 to March 31, 2018.

As at March 31, 2019, there was $nil amount due to or from related parties.

8. FINANCIAL AND CAPITAL 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 described below.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Cash is carried at fair value using a level 1 fair value measurement. Accounts receivable, accounts payable and accrued liabilities are classified as amortized cost.

8. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Fair value of financial instruments

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. The type of risk exposure and the way in way in which such exposure in managed is provided as follows:

Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash.

The Company limits the exposure to credit risk by only investing its cash with high-credit quality institutions. Management believes that the credit risk related to its cash is negligible.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as described in Note 6.

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Foreign exchange risk
Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at March 31, 2019, the Company's cash, account payable and accrued liabilities are denominated in Canadian dollars. As such, the Company is not subject to any foreign exchange risk.

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 to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Price risk
The Company has no exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.