FARSTARCAP INVESTMENT CORP.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the years ended September 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Farstarcap Investment Corp.:

Opinion

We have audited the financial statements of Farstarcap Investment Corp. (the "Company"), which comprise the statement of financial position as at September 30, 2019, and the statement of operations and comprehensive loss, statement of changes in equity and statement of cash flows for the year then ended, 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 September 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits of the financial statements in Canada, and we have fulfilled our other 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended September 30, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on January 29, 2019.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

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 and remain alert for indications that the other information 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 in this auditor's report. 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 International Financial Reporting Standards, 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 Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
January 28, 2020

FARSTARCAP INVESTMENT CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes	September 30, 2019 $	September 30, 2018 $
ASSETS			
Current assets			
Cash		242,392	140,091
GST receivable		-	2,840
Deferred financing cost		-	15,000
Total assets		242,392	157,931
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		8,235	54,169
EQUITY			
Share capital	5	397,468	211,001
Contributed surplus		31,943	-
Deficit		(195,254)	(107,239)
Total equity		234,157	103,762
Total liabilities and equity		242,392	157,931

Organization and nature of operations and going concern (Note 1)
Subsequent events (Note 9)

Approved by the Board of Directors

"Robert McMorran" Director   "Neil MacRae" Director

The accompanying notes are an integral part of these financial statements

FARSTARCAP INVESTMENT CORP.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the years ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	Notes	2019 $	2018 $
Expenses			
Professional fees	7	48,034	81,834
Listing and filing fees		18,123	10,810
Office expenses		3,148	1,890
Share-based compensation	7	18,710	-
Net and comprehensive loss for the year		(88,015)	(94,534)
Basic and diluted loss per share		(0.03)	(0.14)
Weighted average number of shares outstanding		2,685,342	693,370

The accompanying notes are an integral part of these financial statements

FARSTARCAP INVESTMENT CORP.
STATEMENTS OF CHANGES IN EQUITY
For the years ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	Number of shares #	Share Capital $	Contributed Surplus $	Deficit $	Total $
Balance, September 30, 2017	**2,000,001**	**100,001**	**-**	**(12,705)**	**87,296**
Shares issued for cash	1,110,000	111,000	-	-	111,000
Net and comprehensive loss for the year	-	-	-	(94,534)	(94,534)
Balance, September 30, 2018	**3,110,001**	**211,001**	**-**	**(107,239)**	**103,762**
Shares issued for cash	2,500,000	250,000	-	-	250,000
Share issuance costs	-	(50,300)	-	-	(50,300)
Broker warrants	-	(13,233)	13,233	-	-
Share-based compensation	-	-	18,710	-	18,710
Net and comprehensive loss for the year	-	-	-	(88,015)	(88,015)
Balance, September 30, 2019	**5,610,001**	**397,468**	**31,943**	**(195,254)**	**234,157**

The accompanying notes are an integral part of these financial statements

FARSTARCAP INVESTMENT CORP.
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	2019 $	2018 $
Cash flow provided by (used in)		
Operating activities		
Loss for the year	(88,015)	(94,534)
Non-cash item:		
Share-based compensation	18,710	-
Changes in non-cash working capital items		
GST receivable	2,840	(2,823)
Accounts payable and accrued liabilities	(45,934)	41,455
	(112,399)	(55,902)
Financing activities		
Proceeds from issuance of shares	250,000	111,000
Share issue costs	(35,300)	(15,000)
	214,700	96,000
Increase in cash during the year	102,301	40,098
Cash – beginning of the year	140,091	99,993
Cash – end of the year	242,392	140,091
Non-cash financing activities:		
Broker warrants	13,233	-

The accompanying notes are an integral part of these financial statements

1. ORGANIZATION AND NATURE OF OPERATIONS AND GOING CONCERN

Farstarcap Investment Corp. (“Farstarcap” or the “Company”) was incorporated under the Business Corporations Act of British Columbia on September 22, 2016. The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO”) on the TSX Venture Exchange (the “Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the Exchange. The Company’s principal business is to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction (“Qualifying Transaction”) in accordance with Policy 2.4 of the Exchange. The Company’s head office is located at 880 – 580 Hornby Street, Vancouver, BC V6C 3B6. On February 13, 2019 the Company completed its IPO and was listed on the Exchange (Note 5).

As a CPC the Company is subject to certain cash restrictions. Proceeds raised from the issuance of common shares from the IPO 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 issuances of shares, or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative general expenses of the Company. The restrictions apply until completion of a Qualifying Transaction by the Company in accordance with Policy 2.4 of the Exchange.

As at September 30, 2019 the Company had no business operations and its only significant asset was cash. The ability of the Company to fund potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Company will complete a Qualifying Transaction or be able to finance such an investment or acquisition. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

The financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were approved by the board of directors for use on January 28, 2020.

The significant accounting policies used in the preparation of these financial statements are as follows:

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which may be measured at fair value. The accrual basis of accounting has been applied in preparing the financial statements, except for cash flow information.

Financial instruments

During the year ended September 30, 2019 the Company adopted IFRS 9, Financial Instruments, which replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Recognition and classification
The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at October 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	**New classification IFRS 9**
Cash	Loans receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

The Company did not restate prior periods as there was no impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on October 1, 2018.

Measurement
Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost using the effective interest method less any impairment. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial instrument, or where appropriate, a shorter period. Gains and losses are recognized in profit or loss when the financial instrument is derecognized as well as through the amortization process.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as a gain or impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition
Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

Earnings or loss per share

Basic earnings or loss per share represents the income or loss for the year, divided by the weighted average number of common shares outstanding during the year. Diluted earnings per share represents the income for the year, divided by the weighted average number of common shares outstanding during the year plus the weighted average number of dilutive potential ordinary shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive. The number of dilutive potential ordinary shares are determined using the Treasury Stock Method which assumes that any proceeds received from the instruments are used to repurchase outstanding shares at the average market price for the year. Diluted loss per share is equal to basic loss per share, as the effect of inclusion of potentially dilutive instruments would be anti-dilutive.

Shares held in escrow are considered contingently returnable until completion of a Qualifying Transaction and are therefore not included in the calculation of basic and diluted loss per share. Should the Qualifying Transaction not be completed, the escrowed shares must be cancelled.

Foreign currencies

The financial statements for the Company are prepared using its functional currency. Functional currency is the currency of the primary economic environment in which an entity operates. The functional and presentation currency of the Company is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity. Transaction costs related to shares not yet issued are recorded as deferred financing costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital. The costs are charged to profit or loss if the shares are not issued.

Share-based payments

The fair value of all share-based awards granted is recorded, at the measurement date fair value, as an asset or a charge to profit or loss and as a credit to contributed surplus under the graded attribution method.

The fair value of share-based awards granted to employees and others providing similar services which vest immediately is recorded at the date of grant. The fair value of share-based awards which vest in the future is recognized over the vesting period, as adjusted for the expected level of vesting of the options. The fair value of share-based awards is estimated using the Black-Scholes option pricing model.

Share-based awards granted to parties other than employees and those providing similar services are measured at the fair value of the goods and services received on the date of receipt. If the fair value of the goods and services received cannot be reliably measured, their value is estimated using the Black-Scholes option pricing model.

Any consideration received on the exercise of share-based awards together with the related portion of contributed surplus attributed to the exercised share-based awards is credited to share capital. When share-based awards expire unexercised the amounts recorded in contributed surplus with respect to those share-based awards are not reclassified within equity.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 16 Leases
This standard replaces IAS 17, Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The mandatory effective date for the Company is for the annual period beginning on October 1, 2019. The Company has initially assessed that there will be no material reporting changes as a result of adoption this new standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions based on currently available information that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Estimates and 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. However, actual results could differ. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material. In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgments which have a significant effect on the amounts recognized in the financial statements:

(i) *Going concern* – The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Factors considered by management are disclosed in Note 1.

(ii) *Income taxes* - In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

5. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.
Unlimited preferred shares issuable in series.

Financings during the year ended September 30, 2019:

On February 13, 2019, the Company completed its IPO issuing 2,500,000 common shares of the Company at a price of $0.10 per share for gross proceeds of $250,000. In connection with the IPO, the Company entered into an Agency Agreement with Canaccord Genuity Corp. (the "Agent"). The Company paid an aggregate of $50,300 in cash commission, corporate finance fee, legal and other expenses incurred by the Agent.

In addition, the Company granted 250,000 non-transferable warrants to the Agent entitling the Agent to purchase common shares at a price of $0.10 per share expiring on February 13, 2021. The warrants were fair valued at $13,233 using the Black-Scholes Option Pricing model under the following assumptions: risk free rate – 1.84%; expected dividend – nil; expected life – 2 years; expected annual volatility – 100%.

Financings during the year ended September 30, 2018:

On February 15, 2018, the Company issued a total of 1,110,000 common shares at a price of $0.10 per share for gross proceeds of $111,000.

(Expressed in Canadian Dollars)

On February 20, 2018 the Company entered into an Escrow Agreement (the "Escrow Agreement") in accordance with the Exchange CPC Policy, with certain shareholders and 2,000,001 common shares were placed in escrow. Subject to the said Policy, the escrowed common shares will be released from escrow as follows: 10% on the completion of Qualifying Transaction, and 15% on each of the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

b) Stock Options

On December 1, 2017 the Company adopted a stock option plan (the "Stock Option Plan"), whereby the maximum number of non-transferable options to purchase common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Additionally, the maximum number of non-transferable options to purchase common shares reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued common shares, if the individual is a director or officer, or 2% of the issued common shares, if the individual is a technical consultant. All options granted under the Stock Option plan will expire not later than the date that is ten years from the date that such options are granted. Options may be exercised the greater of 12 months after Completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument pursuant to the laws of succession.

The balance of stock options outstanding and exercisable as at September 30, 2019 and September 30, 2018 and the changes for the years then ended is as follows:

	Number of Options #	Weighted Average Exercise Price $	Weighted Average Life Remaining (years)
Balance, September 30, 2017 and September 30, 2018	**-**	**-**	**-**
Granted	250,000	0.10	-
Balance, September 30, 2019	**250,000**	**0.10**	**4.38**

The Company recorded share-based compensation expense of $18,710 during year ended September 30, 2019 (2018 - $nil) as the Company granted 250,000 stock options to officers and directors of the Company. The options have an exercise price of $0.10 per option and expire on February 13, 2024. The Company fair valued the options using the Black-Scholes Option Pricing model based on the following assumptions: risk free rate – 1.84%, expected dividend – nil; expected life – 5 years; expected annual volatility – 100%. Expected volatility was determined by using the average of other similar companies.

(Expressed in Canadian Dollars)

As at September 30, 2019, the Company's stock options outstanding were as follows:

Expiry Date	Exercise price $	Remaining life (years)	Options outstanding and exercisable
February 13, 2024	0.10	4.38	250,000

c) Warrants

The balance of warrants outstanding as at September 30, 2019 and September 30, 2018 and the changes for the years then ended is as follows:

	Number of Warrants #	Weighted Average Exercise Price $	Weighted Average Life Remaining (years)
Balance, September 30, 2017 and September 30, 2018	**-**	**-**	**-**
Issued	250,000	0.10	1.38
Balance, September 30, 2019	**250,000**	**0.10**	**1.38**

As at September 30, 2019 the Company has 250,000 warrants outstanding with an exercise price of $0.10, expiring on February 13, 2021. The warrants were fair valued using the Black-Scholes option pricing model based on the following assumptions: risk free rate - 1.84%; expected dividend - nil; expected life – 2 years; expected volatility – 100%.

d) Loss per share

The calculation of basic and diluted loss per share for the year ended September 30, 2019 was based on the loss attributable to common shareholders of $88,015 (2018 - $94,534) and the weighted average common shares outstanding of 2,685,342 (2018 - 693,370).

Escrow shares are considered contingently returnable until the Company completes a QT. Accordingly the 2,000,001 shares held in escrow are not considered outstanding shares for the purposes of the loss per share calculations.

(Expressed in Canadian Dollars)

6. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of operations for the years ended September 30, 2019 and 2018:

	2019	2018
Statutory tax rate	27.00%	26.75%
	$	$
Loss for the year before income taxes	(88,015)	(94,534)
Expected income tax expense (recovery)	(23,764)	(25,288)
Items not deductible for tax purposes	5,052	-
Share issue costs	(13,581)	-
Change in estimate	(647)	-
Change in deferred tax assets not recognized	32,940	25,288
Total income taxes expense (recovery)	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at September 30, 2019 and September 30, 2018 are comprised of the following:

	2019 $	2018 $
Share issuance costs	10,865	-
Non-capital loss carry forwards	50,383	28,308
Deferred income tax assets not recognized	61,248	28,308
Total deferred income tax assets (liabilities)	-	-

The Company has non-capital loss carry forwards of approximately $186,604 which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the years 2037 to 2039. In addition, the Company has deductible share issuance costs of approximately $40,240 which are deductible annually, on a straight-line basis, ending in 2023.

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 operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors.

As at September 30, 2019, the Company had $nil (September 30, 2018 - $nil) in accounts payable and accrued liabilities owing to related parties. Compensation paid or accrued to key management or companies controlled by key management personnel during the year ended September 30, 2019 consisted of $18,710 of share-based compensation. During the year ended September 30, 2018, the Company paid $4,670 of professional fees to Malaspina Consultants Inc., a company that, up to July 31, 2018, was controlled by Rob McMorran, a Director of the Company.

8. FINANCIAL INSTRUMENTS

Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of equity attributable to shareholders.

The Company 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 its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investors and associated financings.

The Company is not subject to any externally imposed capital requirements.

Financial Instruments Hierarchy

The Company has categorized fair value measurements of its financial instruments using a fair value hierarchy that reflects the reliability of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs, other than Level 1 prices, in active markets for similar assets or liabilities, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The Company designated its cash and accounts payable and accrued liabilities as amortized cost. The fair value of the Company's financial instruments approximates their carrying value due to their short-term to maturity.

The risks associated with financial assets and liabilities are as follows:

Credit Risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with the Bank of Montreal. Accordingly, the Company believes it is not exposed to significant credit risk.

Interest Rate Risk
Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company's management has determined that exposure to interest rate risk is limited at present as the Company's assets and liabilities are earning or incurring interest at market rates or where they are non-interest bearing or have fixed interest rates they have short terms to maturity.

Liquidity Risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. As at September 30, 2019, all of the Company's liabilities are short-term and due on demand. At September 30, 2019, the Company had working capital of $234,157 (September 30, 2018 - $103,762).

Foreign exchange risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign exchange risk is minimal.

9. SUBSEQUENT EVENTS

On October 28, 2019 the Company announced it had entered into a definitive agreement to acquire all of the issued and outstanding shares of A4 Systems Corporation ("A4") by way of a three-cornered amalgamation (the "Transaction"). The Company intends to complete the Transaction to constitute a Qualifying Transaction in accordance with Policy 2.4 of the Exchange.

In consideration for all of the shares of A4 the Company will issue 24,000,000 common shares to current shareholders of A4 and those shareholders who subscribe under the A4 financing of 25,000 shares of A4 for proceeds of $500,000, to be completed prior to the closing of the Transaction.

In conjunction with the closing of the Transaction, the Company proposes to complete a non-brokered private placement financing of up to 8,000,000 common shares at a price of $0.25 per share for gross proceeds of up to $2,000,000. Upon closing of the Transaction, the Company will change its name to A4 Systems Corporation.

On December 4, 2019 the Company issued a $25,000 Promissory Note (the "Promissory Note") to A4. The Promissory Note bears interest at 6% per annum and is due on March 31, 2020.