PERIHELION CAPITAL LTD.

Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PERIHELION CAPITAL LTD.

Opinion

We have audited the consolidated financial statements of Perihelion Capital Ltd. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated statements of financial position of the Company as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 *Auditors' Responsibilities for the Audit of the Consolidated 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 consolidated 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 in our audits 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 consolidated financial statements, which indicates that the Company has a net loss of $88,645 for the year ended December 31, 2020, has not yet generated revenues, and has incurred losses and negative cash flows from operations since inception. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate 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 Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management's Discussion & Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

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

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

In preparing the consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 auditors' report is Hervé Leong-Chung.

Chartered Professional Accountants

Vancouver, British Columbia
March 24, 2021

PERIHELION CAPITAL LTD.
Consolidated Statements of Financial Position
As at December 31,
(*Expressed in Canadian Dollars*)

	Note		2020		2019
Assets					
Current					
Cash		$	75,672	$	149,843
Cash held in trust			5,600		6,270
GST receivable			8,177		4,529
Short-term loan	5,9		25,000		-
Total Assets		$	114,449	$	160,642
Liabilities and Shareholders' Equity					
Current					
Accounts payable and accrued liabilities	5	$	54,912	$	13,982
Shareholders' Equity					
Common Shares	4		292,866		292,866
Reserves	4		22,382		20,860
Deficit			(255,711)		(167,066)
			59,537		146,660
Total Liabilities and Shareholders' Equity		$	114,449	$	160,642

Approved by on behalf of the Board:

Alexandros Tzilios (signed)
Alexandros Tzilios, Director

Darius Eghdami (signed)
Darius Eghdami, Director

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

PERIHELION CAPITAL LTD.
Consolidated Statements of Comprehensive Loss
For the Years Ended December 31, 2020 and 2019
(*Expressed in Canadian Dollars*)

	Note		2020		2019
Operating Expenses					
Filing fees		$	11,792	$	18,126
Transaction costs	9		48,886		-
Professional fees			26,045		72,159
Share-based payments	4		1,522		2,857
Bank charges and other			400		1,546
Loss and Comprehensive Loss for the year		$	(88,645)	$	(94,688)
Basic and Diluted Loss per Share		$	(0.03)	$	(0.04)
Weighted Average Number of Common Shares Outstanding			3,014,000		2,667,184

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

PERIHELION CAPITAL LTD.
Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 2020 and 2019
(*Expressed in Canadian Dollars*)

	Number of Outstanding Shares	Common Shares	Reserves	Deficit	Total Shareholders' Equity
		$	$	$	$
Balance, December 31, 2018	2,100,000	105,000	2,061	(72,378)	34,683
Shares issued for cash	3,014,000	301,400	-	-	301,400
Share issuance costs	-	(113,534)	15,942	-	(97,592)
Share-based payments	-	-	2,857	-	2,857
Net loss for the year	-	-	-	(94,688)	(94,688)
Balance, December 31, 2019	5,114,000	292,866	20,860	(167,066)	146,660
Share-based payments	-	-	1,522	-	1,522
Net loss for the year	-	-	-	(88,645)	(88,645)
Balance, December 31, 2020	5,114,000	292,866	22,382	(255,711)	59,537

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

PERIHELION CAPITAL LTD.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
(*Expressed in Canadian Dollars*)

		2020		2019
Cash Provided by (Used in)				
Operating Activities				
Net loss for the year	$	(88,645)	$	(94,688)
Items not involving cash				
Share-based payments		1,522		2,857
Changes in non-cash working capital items				
GST receivable		(3,648)		(4,529)
Accounts payable and accrued liabilities		40,930		(21,424)
		(49,841)		(117,784)
Investing Activity				
Short-term loan		(25,000)		-
		(25,000)		-
Financing Activities				
Cash held in trust		670		-
Proceeds from the issuance of common shares		-		301,400
Share issuance costs		-		(44,336)
		670		257,064
Inflow (Outflow) of Cash		(74,171)		139,280
Cash, Beginning of Year		149,843		10,563
Cash, Ending of Year	$	75,672	$	149,843

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Perihelion Capital Ltd. (the Company) was incorporated under the *Business Corporations Act* (British Columbia) on April 13, 2018 and is a capital pool company ("CPC"), as defined in TSX Venture Exchange ("TSX-V") Policy 2.4 ("Policy 2.4"). On February 13, 2019, the Company's common shares effectively commenced trading on the TSX-V under the symbol "PCL.P".

The Company's registered office address is 1800-355 Burrard Street, Vancouver, British Columbia V6C 2G8 and its principal place of business is 2402-1189 Melville Street, Vancouver, British Columbia, V6E 4T8.

The Company's principal business activity is the identification and evaluation of assets, or businesses with the objective of completing a qualifying transaction (a "Qualifying Transaction") as defined by Policy 2.4. Until such time that a Qualifying Transaction is completed, the Company will have no significant revenue and will incur expenses primarily for Qualifying Transaction investigation, TSX-V filing requirements, professional services, and office facilities and administration, subject to certain restrictions under Policy 2.4 (note 9).

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. There are material uncertainties that may cast significant doubt about the appropriateness of the going concern assumption as the Company incurred a net loss of $88,645 (2019 - $94,688) and has not generated any revenues. The Company's continuing operations as intended are dependent upon the Company's ability to complete a Qualifying Transaction. Such an acquisition will be subject to shareholder and regulatory approval. In the case of a non-arm's length transaction (as defined in Policy 2.4) a majority of the minority shareholder approval must also be obtained. Should the Company fail to complete a Qualifying Transaction, its ability to raise sufficient financing to maintain operations may be impaired and, accordingly, the Company may be unable to realize the carrying value of its net assets. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position, cash flows, completion of the Qualifying Transaction (note 9) and concurring financing in future periods.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars unless otherwise noted. The Company's functional currency is the Canadian dollar.

These consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on March 24, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the key estimates and judgments applied by management that most significantly affect the Company's consolidated financial statements. These estimates and judgments have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Going concern
The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern

ii. Valuation of share-based payments and warrants
When options and warrants are issued, the Company calculates their estimated fair value using the Black-Scholes valuation model. The Company uses historical stock prices of comparable companies to determine volatility and estimated dividend yield rates to arrive at the inputs that are used in the valuation model to calculate the fair value of the options or warrants.

iii. Recoverability of short-term loan
Estimates and judgments are inherent in the on-going assessment of the recoverability of short-term loan. The Company is not able to predict changes in financial conditions of its loan holder and the Company's judgment related to short-term loan may be material.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Consolidation

Subsidiaries are all entities controlled by the Company. Control is achieved when the Company has power over its investee; is exposed or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Consolidation ceases from the date that the Company no longer has control. Intercompany transactions, balances and income and expenses on transactions between the Company and its subsidiaries are eliminated on consolidation.

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage owned	
	Country of incorporation	December 31, 2020	December 31, 2019
1203500 BC Ltd.*	Canada	100%	100%

*Incorporated under the Business Corporations Act (British Columbia) on April 1, 2019. This company is inactive.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. 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 reserves.

The fair value of options is determined using a Black–Scholes 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. Vesting conditions are determined by the Board of Directors.

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

(ii) Measurement

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 less any impairment.

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 the consolidated statements of comprehensive loss. Financial assets and liabilities at FVTPL are subsequently carried at fair value in the statement of financial position with changes in fair value recognized in the consolidated statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI
These assets are initially recorded at fair value plus transaction costs, and subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income (“OCI”).

Equity investments at FVTOCI
These assets are initially recorded at fair value plus transaction costs, and subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) 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 the consolidated statements of comprehensive loss, as an impairment loss (or gain), 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

(iv) 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 the consolidated statements of comprehensive loss.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are recognized in profit or loss, with exception of financial assets at FVOCI Gains and losses on derecognition of financial assets classified as FVOCI remain within accumulated other comprehensive income (loss).

Income taxes

Current income tax assets and liabilities for the current year 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 countries 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.

Deferred tax is accounted for using the statement of financial position 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 taxes are not recognized for temporary differences related to the initial recognition of the assets or liabilities that affect neither accounting nor taxable profit nor investments in subsidiaries, associates and interests in joint ventures to the extent it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner and expected date of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss per share

Basic loss per share is computed by dividing net loss attributed 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 exercise were used to acquire common shares at the average market price during the reporting period.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Common shares

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

4. SHARE CAPITAL

(a) Authorized share capital
Unlimited number of common shares without par value.

(b) Issued and outstanding share capital

At December 31, 2020, there were 5,114,000 issued and fully paid common shares (2019 – 5,114,000). No new common shares were issued during year ended December 31, 2020. During the years ended December 31, 2020 and 2019, the Company’s 2,100,000 founders’ common shares are still in escrow. These shares will be released pro rata to the shareholders as to 10% upon issuance of the Final Exchange Bulletin upon completion of Qualifying Transaction in accordance with Policy 2.4 and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

On February 13, 2019, the Company completed its Initial Public Offering (“IPO”) of 3,014,000 common shares at a price of $0.10 per share for total proceeds of $301,400. Pursuant to an agency agreement between the Company and Mackie Research Capital Corporation (the “Agent”), the Agent received a cash commission equal to 10% of the gross proceeds. The Agent also received a corporate finance fee of $12,500 and was reimbursed for certain Agent’s expenses, including legal fees. Upon closing of the offering, $53,256 that was recorded as deferred financing costs as at December 31, 2018 was reclassed to common shares.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL(Continued)

(b) Issued and outstanding share capital (continued)

In addition, the Company granted the Agent share purchase warrants to purchase up to 301,400 common shares at a price of $0.10 per share for a period of 24 months. Issuance of these warrants has been recorded as share issuance cost in the amount of $15,942 based on a Black-Scholes calculation using a risk-free interest rate of 1.77%, a volatility of 100%, an expected life of two years. The Company has recognized $113,534 in issuance costs.

(c) Agents' Warrants

The following is a summary of agents' warrants as at December 31, 2019:

Expiry Date	Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life (Years)	Weighted Average Fair Value
February 13, 2021	$0.10	301,400	0.9	$0.05

The following is a summary of agents' warrants as at December 31, 2020:

Expiry Date	Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life (Years)	Weighted Average Fair Value
February 13, 2021	$0.10	301,400	0.12	$0.10

No new warrants were issued during the years ended December 31, 2020 and 2019. Agents warrants expired unexercised subsequent to December 31, 2020.

(d) Stock options

The Company implemented an Incentive Stock Option Plan (the "Plan") on June 25, 2018. Pursuant to the Plan, the Company grants stock options to directors, officers, employees and consultants for services, provided that the number of common shares reserved for issuance shall not exceed 10% of the issued and outstanding common shares exercisable for a period of up to 10 years. The exercise price and vesting terms of the options granted under the Plan will be determined by the Board of Directors. Until the completion of Qualifying Transaction, options granted to a director or officer individually may not exceed 5% of the common shares outstanding as at the closing of the CPC IPO; options granted to all technical consultants may not exceed 2% of the common shares outstanding as at the closing of the CPC IPO. No options may be granted to investor relations service provider; and the exercise price cannot be less than the greater of the IPO share price and the Discounted Market Price as defined by the TSX-V.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL(Continued)

(d) Stock options (continued)

On June 25, 2018, the Company granted stock options to directors and officers of the Company to purchase 200,000 common shares at a price of $0.10 per common share, for a period of 5 years. The options vest over a three-year period on the first, second and third-year anniversaries of the grant date.

There were no stock options transactions during the years ended December 31, 2020 and 2019.

As at December 31, 2019, the following stock options issued to directors and employees of the Company were outstanding:

Expiry Date	Options Outstanding	Fair Value at Grant Date	Remaining Contractual Life (yrs)	Options Exercisable
June 25, 2023	200,000	$0.03	3.48	66,667
	200,000		3.48	66,667

As at December 31, 2020, the following stock options issued to directors and employees of the Company were outstanding:

Expiry Date	Options Outstanding	Fair Value at Grant Date	Remaining Contractual Life (Years)	Options Exercisable
June 25, 2023	200,000	$0.03	2.48	133,330

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for stock options granted. Accordingly, share-based payments of $1,522 (2019 - $2,857) were incurred for officers and directors of the Company for year ended December 31, 2020.

5. SHORT TERM LOAN

On September 30, 2020, the Company advanced a loan of $25,000 to Think Technologies Corp. ("Think") in connection with the Company's Qualifying Transaction (note 9). The loan is unsecured, non-interest bearing and has no specified date of repayment.

As at December 31, 2020, the loan receivable balance is $25,000 (2019 - $Nil).

6. RELATED PARTY TRANSACTIONS

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

During the year ended December 31, 2020, share-based payments of $1,522 (2019 - $2,857) (note 4) were incurred for officers and directors of the Company. There was no other remuneration incurred to related parties during the year.

7. FINANCIAL RISK AND CAPITAL MANAGEMENT

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 summarized as follows:

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, cash held in trust and short-term loan. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Cash held in trust is held with a reputable law firm. The Company's short-term loan receivable is subject to expected credit loss model. The carrying amount of the short-term loan represents the maximum credit exposure.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's liabilities as at December 31, 2020 are due within 90 days.

Historically, the Company's principal source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to necessary levels of equity funding.

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 not exposed to significant interest rate risk.

(Expressed in Canadian Dollars)

7. FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)

Capital management

The Company is actively looking to acquire an interest in a business or assets and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended December 31, 2020.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

Fair value

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 Company's financial instruments consist of cash, cash held in trust, short-term loan and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments.

8. INCOME TAXES

The following table reconciles the amount of income tax expense on application of the combined statutory Canadian federal and provincial income tax rates:

		2020		2019
Net loss	$	(88,645)		(94,668)
Statutory rate		27%		27%
Income tax recovery at statutory rate		(23,934)		(25,560)
Items not deductible for income tax purposes				771
Benefit of tax losses not recognized				24,789
Income tax expense	$	-	$	-

(Expressed in Canadian Dollars)

8. INCOME TAXES (Continued)

The Company recognizes tax benefits on losses or other deductible amounts generated where it is probable the Company will generate future taxable income to be able to utilize those tax assets. The Company's unused tax losses for which no deferred tax asset is recognized is $71,660 (2019 - $48,137). The Company's share issuance costs for which no deferred tax asset is recognized is $15,810 (2019 - $21,081).

The Company has non-capital losses for Canadian tax purposes of approximately $265,407 available for carry-forward to reduce future years' taxable income and will expire according to the following schedule.

	Non-capital loss	Expiration
$	106,641	2040
$	91,831	2039
$	66,935	2038

9. SUBSEQUENT EVENT

Merger with Think Technologies Corp.

On October 28, 2020, the Company announced that it has entered into a binding merger agreement (the "Merger Agreement") between Think Technologies Corp. ("Think"), an emerging leader in artificial intelligence software solutions, and the Company's wholly owned subsidiary, 1203500 B.C. Ltd. ("PCL Subco") in respect of the proposed completion of an arm's length reverse-takeover transaction of Think by the Company (the "Proposed Transaction"). The Proposed Transaction will constitute the Company's Qualifying Transaction. The Company incurred $48,886 in transaction costs during the year ended December 31, 2020.

As consideration for the acquisition of all of the outstanding securities of Think, holders of the issued and outstanding Think shares will receive one Perihelion share for each Think share held (the "Exchange Ratio"). In connection with the Proposed Transaction, the Company has provided Think with an unsecured, noninterest bearing loan of $25,000, which Think intends to use for working capital purposes (note 5).

In connection with the Proposed Transaction, the parties will undertake a private placement at a price of $0.20 per unit for aggregate gross proceeds of $2,500,000. Each unit will consist of one common share and one-half of one common share purchase warrant of the Company. Each warrant will be exercisable into one share at a price of $0.30 per share for a period of 24 months from the date of the closing of the private placement.