

EFFICACIOUS ELK CAPITAL CORP.

FINANCIAL STATEMENTS

**For the year ended
September 30, 2021**

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Efficacious Elk Capital Corp.

Opinion

We have audited the accompanying financial statements of Efficacious Elk Capital Corp. (the "Company"), which comprise the statements of financial position as at September 30, 2021 and 2020 and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and 2020, and its financial performance and its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 of the financial statements, which indicates that Company has an accumulated deficit of \$307,684. As stated in Note 1, these events and conditions 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 obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Erez Bahar.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

November 15, 2021

EFFICACIOUS ELK CAPITAL CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT SEPTEMBER 30, 2021 and 2020

	September 30, 2021	September 30, 2020
	\$	\$
Assets		
Current assets		
Cash	183,431	278,757
Receivables	5,361	1,159
Total assets	188,792	279,916
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	14,336	50,889
Total liabilities	14,336	50,889
Shareholders' equity		
Share capital (Note 5)	434,049	434,049
Reserves (Note 5)	48,091	64,742
Deficit	(307,684)	(269,764)
Total shareholders' equity	174,456	229,027
Total liabilities and shareholders' equity	188,792	279,916

Nature and continuance of operations (Note 1)

Approved on November 15th, 2021 on behalf of the Board:

"David Smalley" Director

"Eugene A. Hodgson" Director

**EFFICACIOUS ELK CAPITAL CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2021 and 2020**

	Year ended September 30, 2021	Year ended September 30, 2020
	\$	\$
Expenses		
Regulatory fees	14,844	15,783
Professional fees (Note 6)	39,605	54,630
Office rent and miscellaneous	122	1,507
Loss and comprehensive loss for the year	(54,571)	(71,920)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	4,000,000	4,000,000

The Company paid \$nil (2020 - \$nil) in interest and income tax expenses.

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

EFFICACIOUS ELK CAPITAL CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND 2020

	Number of Common Shares	Amount \$	Reserves \$	Deficit \$	Total Shareholders' Equity \$
Balance, September 30, 2019	6,100,005	434,049	64,742	(197,844)	300,947
Loss for the year	-	-	-	(71,920)	(71,920)
Balance, September 30, 2020	6,100,005	434,049	64,742	(269,764)	229,027
Expiry of finder's warrants	-	-	(16,651)	16,651	-
Loss for the year	-	-	-	(54,571)	(54,571)
Balance, September 30, 2021	6,100,005	434,049	48,091	(307,684)	174,456

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

EFFICACIOUS ELK CAPITAL CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND 2020

	September 30, 2021	September 30, 2020
	\$	\$
OPERATING ACTIVITIES		
Loss for the year	(54,571)	(71,920)
Changes in non-cash working capital items:		
Receivables	(4,202)	2,651
Accounts payable and accrued liabilities	(36,553)	23,334
Cash used in operating activities	(95,326)	(45,935)
(Decrease) in cash during the year	(95,326)	(45,935)
Cash, beginning of year	278,757	324,692
Cash, end of year	183,431	278,757

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Efficacious Elk Capital Corp. (the “Company”) was incorporated by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on May 22, 2018. The Company completed an initial public offering (“IPO”) of its common shares on December 5, 2018, and its common shares began trading on the TSX Venture Exchange (“TSX-V” or the “Exchange”) on December 7, 2018 under the symbol “EECC.P”. The Company is classified as a Capital Pool Company (“CPC”), as defined in the Exchange Policy 2.4. The Company’s head office and registered and records office address is Suite 480, 1500 W. Georgia Street, Vancouver, British Columbia, Canada, V6G 2Z6.

The principal business of the Company is the identification and evaluation of material assets or businesses with a view to completing a transaction where the Company acquires significant assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

These financial statements (the “financial statements”) are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at September 30, 2021, the Company has an accumulated deficit of \$307,684.

The Company’s continuing operations are dependent upon its ability to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction, as defined in Exchange Policy 2.4, within 24 months of listing on the TSX-V. Any acquisition or investment proposed by the Company will be subject to regulatory approval. The inability to achieve these objectives may cast significant doubt about the Company’s ability to continue as a going concern.

Proposed Transaction

On March 29, 2021 the Company announced it had entered into a Letter of Intent (the “LOI”) dated March 26, 2021 pursuant to which the Company and MiMedia intend to complete a business combination (the “Transaction”) to form a company (the “Resulting Issuer”) whereby the business of MiMedia will become the business of the Resulting Issuer.

Pursuant to the terms of the LOI, immediately prior to the completion of the proposed Transaction, subject to the approval of the shareholders of the Company and MiMedia as applicable, (i) the Company will complete a share consolidation whereby each outstanding the Company common share will be exchanged for 0.52083 of a post consolidation the Company common share (the “Post Consolidation Shares”) for an aggregate of 3,177,083 Post Consolidation Shares; and (ii) MiMedia will complete a share split whereby each outstanding MiMedia common share will be exchanged for 2.6 post split MiMedia common shares (the “Post Split MiMedia Shares”) for an aggregate of 40,506,329 Post Split MiMedia Shares. Each outstanding stock option, broker warrant and other convertible or exchangeable securities of the Company and MiMedia will be consolidated or split on the same basis, as applicable.

Pursuant to the proposed Transaction, (i) every 1 issued and outstanding Post Split MiMedia Share will be exchanged for 1 common share of the Resulting Issuer (the “Resulting Issuer Common Shares”) at a deemed price of \$0.25 per Resulting Issuer Common Share, for an aggregate of approximately 40,506,329 Resulting Issuer Common Shares; and (ii) each outstanding stock option, broker warrant and other convertible or exchangeable security of MiMedia will be exchanged for a stock option, broker warrant or other convertible or exchangeable security of the Resulting Issuer on an equivalent economic basis.

EFFICACIOUS ELK CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND 2020

It is intended that the Transaction, when completed, will constitute the Company's "Qualifying Transaction" ("QT") in accordance with Policy 2.4 – Capital Pool Companies of the TSX Venture Exchange (the "Exchange") Corporate Finance Policies.

On June 28, 2021 the Company announced the LOI was extended and that MiMedia and the Company had engaged Canaccord Genuity Corp. act as lead agent and sole bookrunner, on its own behalf and if applicable with a syndicate of agents to act on a commercially reasonable best-efforts basis in connection with a brokered private placement of subscription receipts for gross proceeds of up to \$4,000,000.

2. BASIS OF PRESENTATION

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

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contracts that give rise to them. The Company determines the classification of its financial assets and liabilities at initial recognition, and, where allowed and appropriate, re-evaluates such classification at each financial year-end. The Company does not have any derivative financial instruments.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not measured at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition. The directly attributable transaction costs of a financial asset classified at FVTPL are expensed in the period in which they are incurred.

Measurement

Financial assets and liabilities measured at amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets and liabilities are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on the derecognition of the financial asset is recognized in profit or loss.

Financial assets measured at fair value through other comprehensive income (“FVTOCI”)

A receivable investment is measured at FVTOCI if it meets both the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On the initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income (“OCI”). This election is made on an investment-by-investment basis.

Receivable investments measured at FVTOCI are 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 measured in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments measured at FVTOCI are 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.

EFFICACIOUS ELK CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND 2020

Financial assets and liabilities measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or measured at FVTOCI, as described above, are measured at FVTPL; this includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or measured at FVTOCI as FVTPL if doing so eliminates, or significantly reduces, an accounting mismatch that would otherwise arise.

Financial assets and liabilities are subsequently measured at fair value and transaction costs are expensed in profit or loss. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Impairment of financial assets at amortized cost

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

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

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.

Use of estimates and judgements

The preparation of these financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates. The preparation of these financial statements requires management to make judgements regarding the going concern of the Company, as discussed in Note 1.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Deferred tax assets and liabilities

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company’s ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company.

EFFICACIOUS ELK CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND 2020

To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in shareholders' equity, in which case it is recognized in other comprehensive income or loss or shareholders' equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

Share Capital

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

Proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to the common share purchase warrants.

Share-Based Payments

The Company has a stock option plan that provides for the granting of options to Officers, Directors, and consultants to acquire common shares of the Company. The fair value of the options is measured on grant date and is recognized as an expense with a corresponding increase in reserves as the options vest.

Options granted to employees and others providing similar services are measured on grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options and warrants granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Over the vesting period, share-based payments are recorded as an expense with an offset to reserves. When options and warrants are exercised, the consideration received is recorded as share capital. In addition, the related share-based payment amount originally recorded as reserves is transferred to share capital. When options and warrants are cancelled or expire, the initial recorded value is reversed from reserves and credited to deficit.

Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4. NEW ACCOUNTING POLICIES

Several new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2021, and have not been applied in preparing these consolidated financial statements. None are currently considered by the Company to be significant or likely to have a material impact on future consolidated financial statements.

5. SHARE CAPITAL AND RESERVES

Authorized

Unlimited common shares with no par value and unlimited preferred shares with no par value.

Transactions for the issue of share capital during the year ended September 30, 2021:

The Company did not issue any common shares during the year ended September 30, 2021.

Transactions for the issue of share capital during year ended September 30, 2020:

The Company did not issue any common shares during the year ended September 30, 2020.

Escrowed securities

The Company entered into an escrow agreement (the "Escrow Agreement") in relation to common shares issued prior to the IPO. Pursuant to the Escrow Agreement, 2,100,005 common shares were placed in escrow on the date of IPO. Upon the Company completing a Qualifying Transaction, the Escrowed Common Shares will be subject to a timed release over a 36-month period.

As at September 30, 2021, 2,100,005 (September 30, 2020 – 2,100,005) common shares were held in escrow.

EFFICACIOUS ELK CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND 2020

Loss per share amounts

In accordance with the Company's accounting policy, basic and diluted weighted average number of common shares outstanding excludes 2,100,005 common shares held in escrow.

Stock options

The Company has a Stock Option Plan (the "Plan") under which it is authorized to grant stock options to executive officers, directors, employees, and consultants. Under the Plan, the number of options that may be issued is limited to no more than 10% of the Company's issued and outstanding shares immediately prior to the grant. While the Company is a CPC until completion of a Qualifying Transaction, the aggregate number of common shares that may be reserved for issuance under the Plan shall not exceed 10% of the common shares to be outstanding as at the closing of the Company's initial public offering. The exercise price of each stock option shall equal the market price of the Company's shares, less any applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at May 22, 2018 and September 30, 2018	-	\$ -
Granted	610,000	\$ 0.10
Outstanding at September 30, 2021, 2020 and 2019	610,000	\$ 0.10

On December 5, 2018 (closing of the IPO), the Company granted 610,000 stock options to Officers and Directors of the Company with a fair value of \$48,091. Each option is exercisable into one common share of the Company at an exercise price of \$0.10 until December 5, 2028.

The fair value of the stock options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	September 30, 2021 & 2020	September 30, 2019
Expected stock price volatility	N/A	75%
Expected life	N/A	10%
Risk-free interest rate	N/A	2.12%
Expected forfeitures	N/A	0%
Expected dividend yield	N/A	0%

As at September 30, 2021, the outstanding and exercisable stock options were as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Life (Years)
610,000	\$ 0.10	December 5, 2028	7.19

**EFFICACIOUS ELK CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND 2020**

Warrants

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at September 30, 2019 and 2020	400,000	\$ 0.10
Expired	(400,000)	\$ 0.10
Outstanding at September 30, 2021	-	\$ -

6. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Executive Officers and Directors. Other related parties to the Company include companies in which key management has control or significant influence. Key management personnel receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company.

Related party transactions:

During the year ended September 30, 2021, professional fees included \$24,513 (2020 - \$30,400) for legal services rendered by a law firm owned by a director of the Company (the "Law Firm").

Related party balances:

As at September 30, 2021, accounts payable and accrued liabilities included \$6,293 owed to the Law Firm (2020 - \$42,590).

7. FINANCIAL INSTRUMENTS

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.

Cash is carried at fair value using Level 1 inputs. The carrying value of accounts receivable, accounts payable and accrued liabilities approximates fair value due to its short term nature.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

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 limits its exposure to credit risk by placing its cash with a major financial institution.

EFFICACIOUS ELK CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND 2020

Receivables comprises sales tax recoverable due from the Government of Canada. Management feels that the Company's credit risk with respect to its financial assets is remote.

Interest rate risk

The Company is exposed to interest rate risk to the extent that its cash maintained in a financial institution is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

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

Foreign currency 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 September 30, 2021, the Company did not have any financial instruments denominated in foreign currencies and considers foreign currency risk insignificant.

Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market.

8. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at September 30, 2021, the Company's shareholders' equity was \$174,456 and there was no long term debt outstanding. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of its underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's capital management approach during the year ended September 30, 2021.

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. The Company currently is not subject to other externally imposed capital requirements.

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9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates for the year/period ended September 30, 2021 and 2020:

	2021	2020
	\$	\$
Loss for the year	(54,571)	(71,920)
Expected income tax recovery at statutory rates	(15,000)	(19,000)
Change in statutory, foreign tax, foreign exchange rates and other	1,000	-
Change in unrecognized deferred tax assets	14,000	19,000
Income tax expense (recovery)	-	-

Significant components of the Company's deferred income tax assets (liabilities) not recognized are follows: Non-capital loss carry-forward of \$297,000 (expiry: 2038-2041) for the year ended September 30, 2021 (2020 - \$243,000) and share issuance costs of \$22,000 (expiry: 2042-2043) available for tax deduction for the year ended September 30, 2021 (September 30, 2020 - \$33,000)