Hampton Bay Capital Inc.

(A Capital Pool Corporation)

Financial Statements

(in Canadian Dollars)

For the Year Ended December 31, 2019 and for the period from the Date of Incorporation (August 13, 2018) to December 31, 2018

Independent Auditor's Report

To the Shareholders of Hampton Bay Capital Inc.:

Opinion

We have audited the financial statements of Hampton Bay Capital Inc. (the "Corporation"), which comprise the statements of financial position as at December 31, 2019 and December 31, 2018, and the statements of comprehensive income/(loss), changes in shareholders' equity and cash flows for the year ended December 31, 2019 and for the period from August 13, 2018 (date of incorporation) to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2019 and December 31, 2018, and its financial performance and its cash flows for the year ended December 31, 2019 and for the period from August 13, 2018 (date of incorporation) to December 31, 2018 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 Corporation 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.

Other Information

Management is responsible for the other information. The other information comprises 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 audits 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 audits 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 on this other information, 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 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Brock Stroud.

MNP LLP

Toronto, Ontario
March 30, 2020

Chartered Professional Accountants
Licensed Public Accountants

MNP

Hampton Bay Capital Inc.

Statements of Financial Position

(in Canadian Dollars)

As at December 31,

	2019 $	2018 $
Assets		
Current		
Cash	1,078,064	550,121
Total Assets	**1,078,064**	**550,121**
Liabilities		
Current		
Accounts payable	9,390	-
Accrued liabilities	46,024	60,964
Total Liabilities	**55,414**	**60,964**
Shareholders' Equity		
Share capital (note 3)	1,151,202	553,500
Reserves (note 4)	174,741	-
Accumulated deficit	(303,293)	(64,343)
Total Shareholders' Equity	**1,022,650**	**489,157**
Total Liabilities and Shareholders' Equity	**1,078,064**	**550,121**

Approved on behalf of the Board:

"Jeremy Edelman" (signed)
Director

"Guy Charette" (signed)
Director

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

Hampton Bay Capital Inc.

Statements of Comprehensive Income/(Loss)

(in Canadian Dollars)

For the year ended December 31, 2019 and for the period from the Date of Incorporation (August 13, 2018) to December 31, 2018

	2019 $	2018 $
Interest Income	5,388	-
Expenses		
General and administrative	2,433	-
Professional fees	84,207	59,464
Listing fees	15,862	4,879
Stock option expense	141,836	-
Net Income/(Loss) and Comprehensive Income/(Loss)	**(238,950)**	**(64,343)**
Income/(Loss) Per Common Share - Basic and Diluted	(0.03)	(0.06)
Weighted Average Number of Common Shares Outstanding – basic and diluted	8,463,104	1,107,143

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

Hampton Bay Capital Inc.

Statements of Changes in Shareholders' Equity

(in Canadian Dollars)

For the year ended December 31, 2019 and for the period from the Date of Incorporation (August 13, 2018) to December 31, 2018

	Share Capital				
	Number of shares	**Amount $**	**Reserves $**	**Accumulated Deficit $**	**Shareholders' Equity $**
Balance, January 1, 2019	**8,600,000**	**553,500**	**-**	**(64,343)**	**489,157**
Issuance of common shares (Note 3)	7,219,500	721,950	-	-	721,950
Share issuance costs	-	(91,343)	-	-	(91,343)
Issuance of brokers warrants (Note 4)	-	(32,905)	32,905	-	-
Issuance of stock options (Note 4)	-	-	141,836	-	141,836
Net loss for the year	-	-	-	(238,950)	(238,950)
Balance, December 31, 2019	**15,819,500**	**1,151,202**	**174,741**	**(303,293)**	**1,022,650**
Balance, August 13, 2018 (Date of Incorporation)	**-**	**-**	**-**	**-**	**-**
Issuance of common shares (Note 3)	8,600,000	555,000	-	-	555,000
Share issuance costs	-	(1,500)	-	-	(1,500)
Net loss for the period	-		-	(64,343)	(64,343)
Balance, December 31, 2018	**8,600,000**	**553,500**	**-**	**(64,343)**	**489,157**

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

Hampton Bay Capital Inc.

Statements of Cash Flows
(in Canadian Dollars)
For the year ended December 31, 2019 and for the period from the Date of Incorporation (August 13, 2018) to December 31, 2018

	2019 $	2018 $
Cash Provided by/(used in)		
Operating Activities		
Net Income (loss)	(238,950)	(64,343)
Changes in working capital balances:		
Stock Option expense	141,836	-
Accounts payable	9,390	-
Accrued liabilities	(14,940)	60,964
Cash Used in Operating Activities	**(102,664)**	**(3,379)**
Financing Activities		
Proceeds from issuance of common shares	721,950	555,000
Share issuance costs	(91,343)	(1,500)
Cash Provided by Financing Activities	**630,607**	**553,500**
Net movement in Cash	527,943	550,121
Cash, Beginning of year/period	550,121	-
Cash, End of year/period	**1,078,064**	**550,121**

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

1. INCORPORATION AND NATURE OF BUSINESS

Hampton Bay Capital Inc. (the "Corporation") was incorporated under the Canada Business Corporation Act on August 13, 2018 and is classified as a Capital Pool Corporation as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Corporation's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

The registered office of the Corporation is located at Suite 1100, 65 Queen Street West, Toronto, Ontario M5H 2M5.

On March 30, 2020, the Board of Directors approved the financial statements for the year ended December 31, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Loss Per Share

Basic earnings (loss) per common share is determined by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted loss per common share is calculated in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding. 6,100,000 commons shares were excluded from the calculation as they are contingently issuable and all conditions necessary for their issuance have not been satisfied (note 3).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

Recognition

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash is classified as assets at fair value and any period change in fair value is recorded in profit or loss.

Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, 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.

Cash is a level 1 financial instrument measured at fair value on the statements of financial position.

Share Issuance Costs

Share issuance costs relate to expenditures incurred in connection with the Corporation's share issuance (note 3) and are charged against share capital.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Measurement Uncertainty

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of expenses during the period. Actual results could differ from those estimates used in the financial statements. The Corporation does not have any significant estimates as of December 31, 2019.

(in Canadian Dollars)

3. SHARE CAPITAL

(a) Authorized:

The Company has authorized an unlimited number of common shares and preferred shares.

(b) Issued and outstanding:

	Number of Shares	**Amount $**
Issuance of common shares	8,600,000	555,000
Share issuance costs		(1,500)
Balance, December 31, 2018	8,600,000	553,500
Issuance of common shares	7,219,500	721,950
Share issuance costs		(124,248)
Balance, December 31, 2019	**15,819,500**	**1,151,202**

On October 17, 2018 the Corporation issued 6,100,000 common shares at $0.05 per share for total proceeds of $305,000. On October 30, 2018, the Corporation issued 2,500,000 common shares at $0.10 per share for total proceeds of $250,000.

On January 17, 2019 the Corporation issued 1,000,000 common shares of its share capital following closing of a Private Placement. The shares were issued at a price of $0.10 per common share, for total gross proceeds of $100,000.

On March 12, 2019, the Corporation completed its initial public offering raising gross proceeds of $621,950. A total of 6,219,500 common shares in the capital of the Corporation were subscribed for at a price of $0.10 per share.

Pursuant to the agency agreement, Echelon Wealth Partners Inc. (the "Agent") received $62,195 of the gross proceeds of the offering as well as compensation options to acquire 621,950 shares at a price of $0.10 per common share, exercisable for a period of 24 months from the date of listing of the Corporation's common shares on the exchange. In connection with the Offering, the Agent also received a cash commission equal to 10% of the aggregate gross proceeds from the sale of the common shares.

The Agent also received non-refundable corporate finance fee equal to $11,300, as well as a $17,848 retainer to cover the Agent's reasonable expenses and legal fees.

(in Canadian Dollars)

3. SHARE CAPITAL (Continued)

Escrowed Shares

During 2018, the Corporation issued 6,100,000 common shares at $0.05 per share, for total proceeds of $305,000.

These common shares will be held in escrow pursuant to the requirements of the Exchange. 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

4. RESERVES

(a) Stock options

During the ended December 31, 2019, the Corporation granted Stock Options to purchase an aggregate of 1,581,950 common shares to the current directors and officers of the Corporation. The Stock Options are exercisable for a period of ten years at a price of $0.10 per share with a value of $141,836.

As at December 31, 2019 and as at the date of this report, there are outstanding incentive stock options to purchase 1,581,950 common shares of the Company as follows:

Number of Options	Number of Options Exercisable	Exercise Price	Expiry Date
1,581,950	1,581,950	$0.10	March 4, 2029

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options issued.

	2019
Share price	$0.10
Risk-free interest rate	1.88%
Expected life of options	10 years
Expected annualized volatility	100.00%
Expected dividend rate	0%

(in Canadian Dollars)

4. RESERVES (Continued)

(b) Warrants

As at December 31, 2019 and as at the date of this report, there are 621,950 outstanding warrants pursuant to the agency agreement with Echelon Wealth Partners Inc. (the "Agent") with respect to the initial public offering at a price of $0.10 per common share, exercisable for a period of 24 months from the date of completion of the Company's initial public offering, being March 4, 2021 with a value of $32,905.

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of warrants issued.

	2019
Share price	$0.10
Risk-free interest rate	1.88%
Expected life of warrants	2 years
Expected annualized volatility	100.00%
Expected dividend rate	0%

5. CAPITAL MANAGEMENT OBJECTIVE AND POLICIES

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of issued common shares, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

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 not more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

6. FINANCIAL INSTRUMENTS

Fair Values

At December 31, 2019, the Corporation's financial instruments consist of cash, accounts payable and accrued liabilities. The fair values of these financial instruments approximate carrying value due to their relatively short-term maturity of the instruments.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash. To minimize the credit risk the Corporation places cash with a high credit quality financial institution.

Interest Rate Risk

The Corporation is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs and to meet the corporation's liabilities. The $55,414 of accounts payable and accrued liabilities are due within one year.

7. RELATED PARTY TRANSACTIONS

There was no remuneration paid to key management personnel during the year ended December 31, 2019. The Corporation granted Stock Options to purchase an aggregate of 1,581,950 common shares to the current directors and officers with a value of $141,836.

As of December 31, 2019, Dunton Rainville LLP, a law firm in which Guy Charlette, a director of the Corporation, is a partner, charged legal fees in the amount of $86,895 (2018: $25,189) for the preparation and filing of the Corporation's initial public offering, corporate and other financing legal matters. The amount included in accounts payable and accrued liabilities as at December 31, 2019 was $45,265 (2018 - $43,463)

(in Canadian Dollars)

8. INCOME TAXES

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 26.5% and the Corporation's effective income tax expense is as follows:

	2019 $	2018 $
Net loss for the period	238,950	64,343
Expected income tax recovery	(63,322)	(17,051)
Non deductible expenses	37,587	
Share issuance costs	(24,604)	(398)
Deferred tax assets not recognized	50,339	17,449
Income taxes recovery	**-**	**-**

At December 31, 2019, the Corporation has non-capital losses for income tax purposes of approximately $180,226 (2018: $64,543) which can be carried forward to be applied against future taxable income. These losses expire to the extent unutilized against future taxable income in 2039 and 2038.

The Corporation has not recorded deferred tax assets related to these unused carry forward losses as it is not probable that future taxable profits will be available against which these can be deducted.

9. POTENTIAL QUALIFYING TRANSACTION

On December 20, 2019, the Corporation Bay and Lendified Holdings Inc. ("Lendified") entered into the Letter of Intent, as amended on January 30, 2020 and February 14, 2020, in respect of the Proposed Qualifying Transaction, as described in news releases dated December 24, 2019 and January 20, 2020.

Pursuant to the terms of a business combination agreement, Hampton Bay will acquire all the issued and outstanding shares of Lendified. through the three-cornered amalgamation of Lendified with a wholly-owned subsidiary of the Corporation created for this purpose. The wholly-owned subsidiary of the Corporation was incorporated on January 27, 2020, called 11867407 Canada Inc, Holders of Lendified shares will receive one share in the resulting issuer in exchange for each Lendified Share held. In addition, all of the outstanding Lendified options and warrants will be exchanged for comparable securities of the resulting issuer on economically equivalent terms.

The proposed transaction will constitute the Corporation's Qualifying Transaction pursuant to TSX Venture Exchange Policy 2.4, and will constitute a reverse take-over of the resulting issuer inasmuch as the former Shareholders of the Corporation will own (on a non-diluted basis) approximately 8.64% of the equity of the Resulting Issuer immediately after Closing (assuming the issuance of the Finder's Fee Shares).

9. POTENTIAL QUALIFYING TRANSACTION (Continued)

An annual and special meeting of the the Corporation Shareholders was held on March 10, 2020 where The Corporation Shareholders approved, among other matters, the consolidation, the name change and the change of auditor, subject to the completion of the proposed Qualifying Transaction, and the conditional election of six proposed directors of the Resulting Issuer, with such appointments to take effect only upon the Completion of the Proposed Transaction. In accordance with the Business Combination Agreement and subject to regulatory approval, The Corporation proposes to change its name to "Lendified Holdings Inc." The Name Change will take effect by the filing of articles of amendment on or prior to the date of Closing, pending completion of all of the conditions set forth in the Business Combination Agreement. The completion of the Consolidation and the approval of the Name Change by the Exchange and the Corporation's Shareholders are conditions to the Closing. The current directors of The Corporation have no intention of acting upon the authority granted to them under the resolutions passed at the Corporation Meeting if the Proposed Qualifying Transaction is not completed.

All existing shares, options, warrants and other securities convertible into shares of Lendified will be exchanged for similar securities of the resulting issuer. Immediately prior to the completion of the transaction, the Corporation will consolidate the outstanding common shares on the basis of one new common share of the Corporation for every 1.88 old common share of the Corporation outstanding. It is anticipated that Lendified will complete a financing of aggregate proceeds of $3,585,000.

The Completion of the proposed Qualifying Transaction is subject to the approval of the Exchange. The Completion of the proposed Qualifying Transaction is also subject to certain other additional conditions precedent, including, but not limited to: (i) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial and operational conditions or the assets of each of the parties to the Business Combination Agreement; and (ii) certain other conditions typical in a transaction of this nature.

On February 5, 2020, the Company advanced Lendified $225,000.

10. SUBSEQUENT EVENT

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.