Castlecap Capital Inc.
(a Capital Pool Company)

Financial Statements

From incorporation on November 8, 2018 to December 31, 2018

Castlecap Capital Inc.
(a Capital Pool Company)
Statement of Financial Position

As at December 31, 2018

Current assets		
Cash held in trust	$	77,136
Deferred financing costs		33,255
GST receivable		609
	$	**111,000**

Liability and Shareholders' Equity

Current liability		
Accounts payable	$	12,000
Shareholders' equity		
Share capital (note 6)	$	100,000
Deficit		(1000)
		99,000
	$	**111,000**

Approved on behalf of the board

(Signed: "Charles Chebry") Director *(Signed: "Kelly Balaberda")* Director

See accompanying notes to financial statements

Castlecap Capital Inc.
(a Capital Pool Company)
Statement of Comprehensive Loss

From incorporation on November 8, 2018 to December 31, 2018		
Revenue	$	-
Expenses		
Professional fees		1,000
Loss before income taxes		(1,000)
Income taxes (note 7)		-
Net and comprehensive loss	$	(1,000)
Basic and diluted earnings per share		0.00
Average weighted number of common shares		2,000,000

See accompanying notes to financial statements

Castlecap Capital Inc.
(a Capital Pool Company)
Statement of Changes in Equity

From incorporation on November 8, 2018 to December 31, 2018

	Shares	Share capital	Deficit	Total
Balance, November 7, 2018	-	$ -	$ -	$ -
Net and comprehensive loss	-	-	(1,000)	(1,000)
Issuance of Class A common shares	2,000,000	100,000	-	100,000
Balance, December 31, 2018	2,000,000	$100,000	$ (1,000)	$ 99,000

See accompanying notes to financial statements

Castlecap Capital Inc.
(a Capital Pool Company)
Statement of Cash Flows

From incorporation on November 8, 2018 to December 31, 2018

Operating activities		
Net and comprehensive loss	$	(1,000)
Change in non cash working capital items		
Deferred financing costs		(33,255)
GST receivable		(609)
Accounts payable		12,000
	$	(22,864)
Financing activity		
Issuance of share capital	$	100,000
Net change during the period and cash at December 31, 2018	**$**	**77,136**

1. **Nature of operations**

Castlecap Capital Inc. (the "Company") was incorporated under the Business Corporations Act of Alberta on November 8, 2018. The Company maintains its head office and registered office at 1900, 520 - 3rd Ave SW Calgary, Alberta T2P 0R3. The Corporation is a Capital Pool Company ("CPC") as defined pursuant to Policy 2.4 of The TSX Venture Exchange (the "TSXV").

As a CPC, the proceeds raised by the Company from the issuance of common shares may only be used to identify and evaluate businesses and assets for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Company and $210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenditures of the Company. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the TSXV.

The Corporation has not conducted commercial operations. The Company's continuing operations are dependent upon its ability to evaluate and negotiate an agreement to acquire an interest in a material asset or business within twenty-four months of listing on the TSXV. There is no assurance that the Company will be able to complete a Qualifying Transaction within twenty four months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. TSXV may suspend or delist the Company's shares from trading should it not meet these requirements.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. Such an acquisition will be subject to regulatory approval and, if required, shareholder approval.

2. **Functional and presentation currency**

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

3. **Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on March 6, 2019.

4. **Basis of measurement**

These financial statements have been prepared on a historical cost basis, except for the financial assets classified as fair value through profit or loss that have been measured at fair value.

5. Significant accounting policies

(a) Measurement uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year.

It is management's opinion that there are no significant estimates or judgements that affected the reported amounts as at or for the period ended December 31, 2018.

(b) Financial instruments

Recognition
The Company recognizes financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument.

Classification
Financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The classification of subsequently measured at amortized cost is used when the objective of the business model is to hold assets and collect contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's cash is classified as a financial asset measured at fair value through profit and loss.

Financial liabilities are classified as subsequently measured at amortized cost, unless they meet the criteria for measurement at fair value or other prescribed measurement.

Measurement
Financial assets and financial liabilities classified as subsequently measured at amortized cost are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Subsequently the financial assets and liabilities are measured at amortized cost using the effective interest rate method.

Impairment
Financial assets classified as subsequently measured at amortized cost or fair value through other comprehensive income reflect the Company's assessment of expected credit losses. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

5. Significant accounting policies, continued

(c) Deferred financing costs

Financing costs incurred related to the Company's proposed financing are deferred. Deferred costs consist primarily of agent and professional fees. Costs will be charged to share capital upon the issuance of shares. In the event that the share issuance does not occur, the costs will be charged to income in the period.

(d) Earnings per share

The Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing earnings attributable to the equity shareholders by the weighted average number of common shares outstanding during the period. All of the shares held in escrow are considered contingently returnable until the Company completes a Qualifying Transaction and, accordingly, are not considered to be outstanding shares for purposes of the calculation. Diluted earnings per share are determined by adjusting the weighted average number of common shares for the dilutive effect of share based payments using the treasury stock method. Under this method, stock options, whose exercise price is less than the average market price of the Company's common shares, are assumed to be exercised and the proceeds used to repurchase common shares at the average market price for the period.

(e) Income taxes

Income taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying value on the statement of financial position are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(f) Accounting standards issued but not yet adopted

The following is an overview of an accounting standard change that the Company will be required to adopt in future years. The Company does not expect to adopt the standard before its effective date.

IFRS 16 Leases - IFRS 16 Leases replaces the current leases guidance. Under the new standard lessees are required to apply the “right-of-use model” in accounting for leases of more than twelve months in length unless they are leases for which the underlying asset is of low value. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not expect a material impact on adoption of this standard on its statements of

5. **Significant accounting policies, continued**

comprehensive income and financial position.

6. Share capital

Authorized

Unlimited number of Class A common voting shares
Unlimited number of Class B common voting shares
Unlimited number of Class C non-voting, common shares
Unlimited number of preferred shares

Share issuance detail

On November 8, 2018, the Company issued for cash consideration, 2,000,000 Class A common shares at a price of $0.05 per share, for total gross proceeds of $100,000.

Escrowed shares

Pursuant to an escrow agreement dated February 25, 2019 between the Company, TSX Trust and certain shareholders of the Company, all of the issued and outstanding common shares have been deposited in escrow. Upon the Company completing a Qualifying Transaction, the TSXV will issue a bulletin announcing the final acceptance, and 10% of the common shares held pursuant to the escrow agreement shall immediately be released. Every six months following the initial release an additional 15% will be released. The release of the escrowed common shares will be accelerated if the resulting issuer meets the TSXV's Tier 1 initial listing requirements either at the time the bulletin announcing the final acceptance is released or subsequently.

Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors may from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. However, other than in connection with a Qualifying Transaction, during the time that the Company is a CPC, the aggregate number of common shares issuable upon exercise of all options granted under the Option Plan shall not exceed 10% of the common shares of the Company, issued and outstanding at the closing of the Company's initial public offering. Such options will be exercisable for a period of up to ten years from the date of grant.

The Board of Directors determines the exercise price per common shares, the number of options granted to individual directors, officers, employees and technical consultants and all other terms and conditions of the options. The Option Plan is subject to regulatory approval.

As at December 31, 2018, no stock options have been granted.

7. Income taxes

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 27% to the loss for the year as follows:

Loss for the period before income taxes	$	(1,000)
Anticipated income tax recovery	$	(270)
Tax effect of the following:		
Benefit of income tax losses not recognized		270
Income tax expense	$	-

The Company has non-capital tax losses of $1,000 which are available to reduce taxable income in future years and if unutilized will expire in 2039.

8. Financial instruments

The Company's financial instruments measured at amortized cost, consisting of accounts payable, approximate their fair value due to the relatively short maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, credit or currency risks arising from these instruments.

(a) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable generally have contractual maturities of less than thirty days and are subject to normal trade terms. The Company is in the process of raising capital through the filing a Prospectus (see note 10). Until such time as the Company completes its Qualifying Transaction, it is subject to certain expenditure restrictions (see note 1).

9. Capital management

The Company defines capital as total equity which was $99,000 at December 31, 2018. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets.

The Company does not have any externally imposed capital requirements to which it is subject other than the restriction on the use of cash as referred to in Note 1.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

10. Subsequent events

Prospectus

The Company has filed a Prospectus with the Alberta Securities Commission and British Columbia Securities Commission to issue 2,000,000 Class A common shares at a price of $0.10 per share (the "Offering"). Pursuant to an Agency Agreement between the Corporation and Chippingham Financial Limited (the "Agent"), the Company appointed the Agent as its agent for the Offering. The Company has agreed to pay the Agent a commission of $20,000 if the total Offering is sold; a corporation financing fee of $15,000; and will reimburse the Agent for its legal fees estimated to be $10,000 plus disbursements and applicable taxes. The Agent will also be granted, if the total Offering is sold, a non-transferable Agent's Option to purchase 200,000 common shares at a price of $0.10 per common share, which will expire 24 months from the date the common shares are listed for trading on the TSXV.

Stock option grants

The Company intends that, immediately after the closing of the Offering, it will enter into stock option agreements granting stock options to certain officers and directors to acquire, in aggregate, 400,000 common shares at a price of $0.10 per share and expiring 10 years from the date of grant.