CastleCap Capital Inc.
(a Capital Pool Company)

Unaudited Financial Statements

(Prepared by Management)

(Expressed in Canadian Dollars)

For the three months ended March 31, 2020 and March 31, 2019

CastleCap Capital Inc.
(the “Company”)

Interim financial statements

As at and for the three months ended March 31, 2020 and March 31, 2019

Notice of no auditor review of interim financial statements

Management of the Company is responsible for the preparation of the accompanying unaudited interim financial statements. The unaudited interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) for the preparation of interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company’s auditor has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

CastleCap Capital Inc.
(a Capital Pool Company)
Statement of Financial Position
(Expressed in Canadian dollars)

	As at March 31, 2020	As at March 31, 2019
Assets		
Current assets		
Cash	$ 160,770	$ 66,636
Deferred financing costs	$ -	$ 43,251
GST receivable	5,589	1,113
Total Assets	**$ 166,359**	**$ 111,000**
Liability and Shareholders' Equity		
Current liability		
Accounts payable	$ 448	$ 12,000
Shareholders' equity		
Share capital, net of issuance cost (note 6)	$ 195,721	$ 100,000
Contributed surplus	46,410	-
Deficit	(76,220)	(1,000)
	165,911	99,000
Total Liabilities and Shareholders' Equity	**$ 166,359**	**$ 111,000**

Nature and continuance of operations (Note 1)

Approved on Behalf of the Board on May 6, 2020

(Signed: "Charles Chebry")	*(Signed: "Travis Rhodes")*
CEO, President, CFO and Director	Director

CastleCap Capital Inc.

(a Capital Pool Company)

Statement of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Revenue		
Interest income	$ 205	$ -
Expenses		
General and administrative	$ 7,742	$ -
Professional fees	-	1,000
Loss before income taxes	**(7,537)**	**(1,000)**
Income taxes (note 7)	-	-
Loss and comprehensive loss for the period	**$ (7,537)**	**$ (1,000)**
Weighted average number of shares outstanding - basic and diluted (Note 8)	**2,000,000**	-
Basic and diluted loss per share	$ 0.00	$ -

CastleCap Capital Inc.
(a Capital Pool Company)
Statement of Changes in Equity
(Expressed in Canadian dollars)

From incorporation on November 8, 2018 to March 31, 2020

	Shares		Share capital	Contributed surplus		Deficit		Total
Balance, November 7, 2018	-	$	-	-	$	-	$	-
Net and comprehensive loss			-	-		(68,683)		**(68,683)**
Agent's, directors' and officers' options			-	46,410		-		**46,410**
Issuance of Class A common shares	4,000,000		195,721	-		-		**195,721**
Balance, December 31, 2019	**4,000,000**	**$**	**195,721**	**46,410**	**$**	**(68,683)**	**$**	**173,448**
Net and comprehensive loss						(7,537)		**(7,537)**
Balance, March 31, 2020	**4,000,000**	**$**	**195,721**	**46,410**	**$**	**(76,220)**	**$**	**165,911**

CastleCap Capital Inc.
(a Capital Pool Company)
Statement of Cash Flows
(Expressed in Canadian dollars)

	For the three months ended March 31, 2020		For the three months ended March 31, 2019	
Operating activities				
Net and comprehensive loss	$	(7,537)	$	(1,000)
Change in non cash working capital items				
Deferred financing costs		-		(43,251)
GST receivable		(339)		(1,113)
Accounts payable		(4,147)		12,000
Cash used in operating activities	**$**	**(12,023)**	**$**	**(33,364)**
Financing activity				
Issuance of share capital, net of costs		-		100,000
Net change during the period		(12,023)	$	66,636
Cash beginning of period		172,793		-
Cash end of period	**$**	**160,770**	**$**	**66,636**

1. Nature and continuance of operations

CastleCap Capital Inc. (the "Company") was incorporated under the Business Corporations Act (Alberta) on November 8, 2018. The Company maintains its registered office at 2032-36th Ave SW Calgary, Alberta T2T 2G7.

The Company is a Capital Pool Company ("CPC") as defined pursuant to Policy 2.4 – *Capital Pool Companies* of the TSX Venture Exchange (the "TSXV"). As a CPC, the proceeds raised by the Company from the issuance of Class "A" Common voting 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 Class "A" Common voting shares or administrative and general expenditures of the Company. These restrictions apply until the completion of a Qualifying Transaction, as defined pursuant to Policy 2.4 – *Capital Pool Companies* of the TSXV by the Company.

The Company has not conducted commercial operations. The Company's 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 of the Company 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. The 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. The financial statements were approved by the Board of Directors on May 6, 2020.

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 reporting period.

The Company's policy of recognizing the fair value of stock based compensation and utilizing the Black Scholes option valuation model to calculate the fair value makes necessary the use of assumptions, such as volatility, which are subjective in nature. As well, the Black Scholes option valuation model was developed for use in estimating the fair value of traded options which are fully transferable, characteristics that differ from the Company's options granted to Directors and Officers.

(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.

(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 are 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 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" Common non-voting shares
Unlimited number of preferred shares

Class "A" Share issuance detail

Issued	Number of Common Shares	Amount
Private placement founders capital	2,000,000	$ 100,000
Initial public offering, net of issuance cost	2,000,000	$ 95,721
Balance March 31, 2020	**4,000,000**	**$ 195,721**

On November 8, 2018, the Company issued for cash consideration, 2,000,000 Class "A" Common voting 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 Company and certain shareholders of the Company, 2,000,000 Class “A” Common voting shares, being the issued and outstanding Class “A” Common voting shares prior to the completion of the initial public offering of the Company, were deposited in escrow. Upon the Company completing a Qualifying Transaction, the TSXV will issue a bulletin announcing the final acceptance, and 10% of the Class “A” Common voting 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 Class “A” Common voting 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.

Initial public offering

On May 22, 2019, the Company completed its Initial Public Offering (“IPO”) of 2,000,000 common shares at $0.10 per share ($200,000). The Company paid a commission of 10% of gross proceeds to the Agent, and granted the Agent warrants to acquire 10% of the common shares issued in the offering exercisable for a period ending twenty-four months from the date the Company’s common shares are listed on the TSX Venture Exchange exercisable at $0.10 per share. The Company also paid a corporate finance fee upon the closing of the offering and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering. The Company incurred cash issuance costs related to the IPO of $104,279 including the value attributed to the warrants granted to the Agent of $10,578.

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 Class “A” Common voting shares, provided that the number of Class “A” Common voting shares reserved for issuance will not exceed 10% of the issued and outstanding Class “A” Common voting shares. However, other than in connection with a Qualifying Transaction, during the time that the Company is a CPC, the aggregate number of Class “A” Common voting shares issuable upon exercise of all options granted under the Option Plan shall not exceed 10% of the Class “A” Common voting 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 Class “A” Common voting 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.

	Number of Stock Options and Warrants	**Weighted Average Exercise Price ($)**
Warrants granted to Agent	200,000	$0.10
Stock Options granted to Directors and Officers	400,000	$0.10
Balance March 31, 2020	**600,000**	**$0.10**

On May 22, 2019, the Company granted 200,000 warrants to the Agent, which are exercisable within two years from the date of grant at an exercise price of $0.10 per share. These warrants were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.75%, expected volatility of 100% and an expected life of two years. The value attributed to these options was $10,578.

On June 12, 2019, the Company granted 400,000 options to directors and officers, which are exercisable within ten years from the date of grant at an exercise price of $0.10 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.75%, expected volatility of 100% and an expected life of ten years. The value attributed to these options was $35,832.

Expiry Date	**Exercise Price**	**Weighted Average Remaining Contractual Life (years)**	**Number of Options and Warrants Outstanding**	**Number of Options and Warrants Vested (exercisable)**
May 22, 2021	$0.10	1.1	200,000	200,000
June 12, 2029	$0.10	9.2	400,000	400,000
	$0.10	**6.5**	**600,000**	**600,000**

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 26.5% to the loss for the period as follows:

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Loss for the period before income taxes	$ (7,537)	$ (1,000)
Anticipated income tax recovery	(2,000)	(265)
Tax effect of the following:		
Benefit of income tax losses not recognized	2,000	265
Income tax expense	$ -	$ -

The Company has deductible temporary differences of $74,960 and non-capital tax losses of $7,537 which are available to reduce taxable income in future years. The non-capital tax losses if unutilized will expire in 2040.

8. Basic and diluted loss per share

	Three months ended March 31, 2020	Three months ended March 31, 2019
Numerator		
Net loss and comprehensive loss	$ 7,537	$ 1,000
Denominator		
Weighted average shares number of shares outstanding	2,000,000	-
Basic and diluted loss per share	$ 0.00	$ -

Escrow shares are considered contingently returnable until the Company completes a Qualifying Transaction. Accordingly, subsequent to the Company's listing on the TSXV on May 22, 2019, the 2,000,000 Class "A" Common voting shares held in escrow will not be considered to be outstanding shares for the purposes of the loss per share calculations.

The basic and dilutive loss per share are the same as stock options and warrants are not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

9. Related Party Transactions

There was no remuneration paid to key management personnel during the period ended March 31, 2020 and March 31, 2019 and no other related party transactions have occurred during this period.

10. 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.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Accounts payable generally have contractual maturities of less than thirty days and are subject to normal trade terms. Until such time as the Company completes its Qualifying Transaction, it is subject to certain expenditure restrictions (see note 1).

11. Capital management

The Company defines capital as total equity which was $165,911 at March 31, 2020. 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.

12. Subsequent events

COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", was declared a global pandemic by the World Health Organization and governments worldwide have enacted emergency measures to combat the spread of the virus. These measures, which include public health measures to limit the time individuals spend in large crowds and crowded spaces, the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company.