

ABIGAIL CAPITAL CORPORATION

FINANCIAL STATEMENTS

For the years ended December 31, 2020 and December 31, 2019

(Stated in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Abigail Capital Corporation

Opinion

We have audited the accompanying financial statements of Abigail Capital Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity 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 December 31, 2020 and 2019, 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.

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.

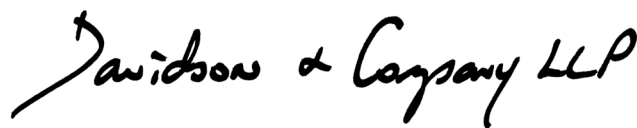
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Catherine Tai.

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

ABIGAIL CAPITAL CORPORATION**STATEMENTS OF FINANCIAL POSITION**

As at December 31, 2020 and December 31, 2019

(Stated in Canadian dollars)

	Note	December 31, 2020	December 31, 2019
ASSETS			
Current Assets			
Cash		\$ 724,275	\$ 875,224
Amounts receivable		953	1,573
		<u>\$ 725,228</u>	<u>\$ 876,797</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	4	\$ 7,617	\$ 68,271
		<u>7,617</u>	<u>68,271</u>
Shareholders' equity			
Share capital	5(a), 5(b)	904,438	904,438
Contributed surplus	5(c), 5(d)	91,907	91,907
Deficit		<u>(278,734)</u>	<u>(187,819)</u>
		<u>717,611</u>	<u>808,526</u>
		<u>\$ 725,228</u>	<u>\$ 876,797</u>

Corporate information and continuance of operations 1

Approved for issue by the Board of Directors on February 5, 2021:

Signed on the Company's behalf by:

"Ian Slater"
Ian Slater, Director

"Jay Sujir"
Jay Sujir, Director

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

ABIGAIL CAPITAL CORPORATION**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the years ended December 31, 2020 and December 31, 2019

(Stated in Canadian dollars)

	Note	December 31, 2020	December 31, 2019
EXPENSES			
General & administrative	6	\$ 61,338	\$ 13,487
Professional fees		14,005	74,788
Filing fees		15,572	31,322
Share-based payments	5(c)	-	68,222
Loss and comprehensive loss for the year		\$ (90,915)	\$ (187,819)
Loss per share – basic and diluted	5(b)	\$ (0.01)	\$ (0.08)
Weighted average number of shares outstanding – basic and diluted		8,600,000	2,503,562

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

ABIGAIL CAPITAL CORPORATION**STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2020 and December 31, 2019

(Stated in Canadian dollars)

	Note	December 31, 2020	December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		\$ (90,915)	\$ (187,819)
Items not involving cash:			
Share-based payments	5(c)	-	68,222
Changes in non-cash working capital items:			
Amounts receivable		620	(1,573)
Accounts payable and accrued liabilities		(60,654)	68,271
		<u>(150,949)</u>	<u>(52,899)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares and warrants issued, net of issue costs	5(b)	-	928,123
		<u>-</u>	<u>928,123</u>
Change in cash during the year		(150,949)	875,224
Cash, beginning of the year		875,224	-
Cash, end of the year		\$ 724,275	\$ 875,224

Non-cash investing and financing activities:

Except for transactions disclosed elsewhere in the financial statements, there were no non-cash investing or financing activities during the years ended December 31, 2020 or December 31, 2019.

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

ABIGAIL CAPITAL CORPORATION**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the years ended December 31, 2020 and December 31, 2019

(Stated in Canadian dollars)

	Note	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance, December 31, 2018		-	\$ -	\$ -	\$ -	\$ -
Shares and warrants issued, net of issue costs	5(b)	12,000,000	904,438	23,685	-	928,123
Share-based payments	5(c)	-	-	68,222	-	68,222
Loss and comprehensive loss		-	-	-	(187,819)	(187,819)
Balance, December 31, 2019		12,000,000	\$ 904,438	\$ 91,907	\$ (187,819)	\$ 808,526
Loss and comprehensive loss		-	-	-	(90,915)	(90,915)
Balance, December 31, 2020		12,000,000	\$ 904,438	\$ 91,907	\$ (278,734)	\$ 717,611

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

ABIGAIL CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019**(Stated in Canadian dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Abigail Capital Corporation (the “Company”) was incorporated on November 5, 2018 under the Business Corporations Act of British Columbia. The Company completed its Initial Public Offering on August 30, 2019 and is classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. As a CPC, the Company’s objective is to identify and acquire either operating assets or a business, subject to regulatory approval, that meet the criteria of a Qualifying Transaction as defined by the TSX-V. Until such time that a Qualifying Transaction is completed, the Company will have no significant revenue and will incur expenses primarily for Qualifying Transaction investigation, TSX-V filing requirements, professional services, and office facilities and administration, subject to certain restrictions under TSX-V Policy 2.4.

The Company’s registered office address and principal place of business is Suite 905 – 1111 West Hastings Street, Vancouver, BC, Canada, V6E 2J3.

As at December 31, 2020, the Company had cash of \$724,275 (2019 - \$875,224), which the Company’s management believes is sufficient to pay its operating costs for the next 12 months.

COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. The extent to which COVID-19 may impact the Company’s business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the virus. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these financial statements, these conditions could have a significant adverse impact on the Company’s financial position and results of operations for future periods.

2. BASIS OF PRESENTATION**a) Statement of Compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The financial statements have been prepared using the accounting policies set out in Note 3.

These financial statements were authorized for issue by the Board of Directors on February 5, 2021.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company’s functional currency. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

ABIGAIL CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019**(Stated in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES**Financial instruments**

The Company's accounting policies for financial assets are as follows:

Financial assets – Classification

Financial assets are classified at initial recognition as either measured at amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in either earnings or loss, or other comprehensive income or loss ("OCI"). For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the investment at FVOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Financial assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in earnings or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Company classifies debt instruments:

- Amortized cost – Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in earnings or loss when the asset is derecognized or impaired. Interest income from those financial assets is included in interest and finance (expense) income using the effective interest rate method.
- FVTPL – Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in earnings or loss and presented net in the statement of loss and comprehensive loss within other gains (losses) in the period in which it arises.

ABIGAIL CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019

(Stated in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Financial instruments** *(continued)*

- FVOCI – Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amounts are taken through OCI, except for the recognition of impairment gains or losses, interest revenue, and foreign exchange gains and losses which are recognized in earnings or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to earnings or loss and recognized in other gains (losses). Interest income from these financial assets is included in interest and finance (expense) income using the effective interest rate method. Foreign exchange gains and losses are presented in foreign exchange (loss) gain and impairment expenses in other expenses.

Changes in the fair value of financial assets at FVTPL are recognized in profit or loss as applicable.

The Company has implemented the following classifications for financial instruments:

- Financial assets comprise cash and amounts receivable, which are classified at amortized cost.
- Financial liabilities comprise accounts payable and accrued liabilities. Accounts payable and accrued liabilities are classified as, and are measured at, amortized cost using the effective interest rate method. Interest expense is recorded in profit or loss, as applicable.

Impairment of financial assets

The Company assesses, on a forward-looking basis, the expected credit losses associated with any debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financing costs

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has been closed. When an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

Share-based compensation

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or when the individual provides services similar to those performed by an employee.

ABIGAIL CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019

(Stated in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from those parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities arise from temporary differences between the tax and accounting values of assets and liabilities and are recorded based on tax rates expected to be enacted when those differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and therefore is inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

(Loss) earnings per share

Basic (loss) earnings per share is calculated by dividing net (loss) earnings by the weighted average number of common shares outstanding during the period (which excludes shares held in escrow). All escrow shares are considered contingently cancellable until the Company completes a Qualifying Transaction and, accordingly, are not considered to be outstanding shares for the purposes of the loss per share calculation.

ABIGAIL CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019

(Stated in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Diluted (loss) earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options, as if their dilutive effect were at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. In periods that the Company reports a net loss, any stock options or warrants outstanding are excluded from the calculation of diluted loss per share as their inclusion would be anti-dilutive.

Use of estimates and measurement uncertainties

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the measurements of assets, liabilities, revenues, expenses, and certain disclosures reported in these financial statements. Significant estimates made by management include the following:

Income taxes

Provisions for income and other taxes are based on management’s interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management’s expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, of deferred income tax assets and liabilities.

New accounting standards and interpretations

There are no new accounting standards or interpretations which apply to the Company at December 31, 2020.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are due for professional fees and are payable within the next 12 months.

ABIGAIL CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019**

(Stated in Canadian dollars)

5. SHAREHOLDERS' EQUITY**a) Authorized Share Capital**

The Company is authorized to issue an unlimited number of common shares without par value.

b) Share Issuance

There were no shares issued during the year ended December 31, 2020.

On March 22, 2019 and April 22, 2019, the Company closed private placements for 3,400,000 shares at a price of \$0.05 per share for total proceeds of \$170,000 (the "Seed Shares").

On August 30, 2019, the Company successfully completed its initial public offering (the "IPO") of 5,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$500,000. Subject to the terms of an agency agreement entered into in connection with the IPO, Canaccord Genuity Capital Markets (the "Agent") received a cash commission of 10% of the gross IPO proceeds, a \$15,000 finance fee, reimbursement for out-of-pocket expenses, and 500,000 Agent's Warrants. Each Agent's Warrant is exercisable to purchase an additional common share in the Company at a price of \$0.10 per common share for a period of 24 months ending August 30, 2021.

On August 30, 2019, the Seed Shares were transferred to escrow and will be released quarterly over an 18-36 month period following the completion of a Qualifying Transaction. Should a Qualifying Transaction not be completed within two years, then one-half of the Seed Shares may be subject to cancellation in accordance with the policies of the TSX-V.

On October 9, 2019, the Company closed a private placement for 3,600,000 common shares at a price of \$0.10 per share for total proceeds of \$360,000.

In accordance with the Company's accounting policy, weighted average number of common shares outstanding excludes shares held in escrow. As at December 31, 2020, the Company had 12,000,000 common shares issued and outstanding, of which 3,400,000 common shares are placed in escrow and contingently cancellable pending the completion of a Qualifying Transaction. As a result, these shares have been excluded from the calculation of basic and diluted loss per common share.

c) Stock Options

On April 23, 2019, the Board of Directors adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may, from time to time, in its discretion and in accordance with TSX-V regulations, grant to directors, officers, employees or Management Company employees, and consultants to the Company non-transferrable options to purchase common shares. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares; such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of the grant by the Board of Directors.

ABIGAIL CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019

(Stated in Canadian dollars)

5. SHAREHOLDERS' EQUITY (continued)

Any common shares acquired pursuant to the exercise of stock options prior to the completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the final exchange bulletin is issued.

There were no options granted, expired, exercised, or forfeited during the year ended December 31, 2020.

During the year ended December 31, 2019, the Company granted 1,000,000 stock options to Directors of the Company, exercisable at a price of \$0.10 per common share, expiring on August 30, 2024, and vesting immediately upon the grant date.

The fair value of the options was estimated at \$0.07 per option using the Black-Scholes option-pricing model with the following assumptions: risk-free interest rate of 1.26%, expected volatility of 88%, expected life of five years, expected dividend of \$nil.

Share-based payments expense related to stock options for the period ended December 31, 2020 was \$nil (2019 – \$68,222).

Information regarding stock options outstanding and exercisable at December 31, 2020 is as follows:

Number Outstanding Dec 31, 2019	Granted	Expired/ Exercised	Cancelled	Number Outstanding Dec 31, 2020	Exercise Price	Expiry Date	Weighted Average Remaining Life (in years)
1,000,000	-	-	-	1,000,000	\$ 0.10	Aug 30, 2024	3.67
1,000,000	-	-	-	1,000,000	\$ 0.10 (weighted average)		3.67
			Exercisable	1,000,000	\$ 0.10 (weighted average)		3.67

Information regarding stock options outstanding and exercisable at December 31, 2019 is as follows:

Number Outstanding Dec 31, 2018	Granted	Expired/ Exercised	Cancelled	Number Outstanding Dec 31, 2019	Exercise Price	Expiry Date	Weighted Average Remaining Life (in years)
- 1,000,000	-	-	-	1,000,000	\$ 0.10	Aug 30, 2024	4.67
- 1,000,000	-	-	-	1,000,000	\$ 0.10 (weighted average)		4.67
			Exercisable	1,000,000	\$ 0.10 (weighted average)		4.67

ABIGAIL CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019

(Stated in Canadian dollars)

5. SHAREHOLDERS' EQUITY (continued)**d) Agent's Warrants**

There were no Agent's Warrants granted expired, exercised, or forfeited during the year ended December 31, 2020.

As part of the IPO completed on August 30, 2019, the Company issued to the Agent 500,000 non-transferrable Agent's Warrants. Each Agent's Warrant is exercisable to purchase an additional common share in the Company at a price of \$0.10 per common share for a period of 24 months ending August 30, 2021. The fair value of the Agent's Warrants was estimated at \$0.05 per warrant using the Black-Scholes option-pricing model with the following assumptions: risk-free interest rate of 1.35%, expected volatility of 88%, expected life of two years, expected dividend of \$nil.

Warrant reserves recorded in contributed surplus related to Agent's Warrants for the year ended December 31, 2020 was \$nil (2019 – \$23,685).

Information regarding Agent's Warrants outstanding at December 31, 2020 is as follows:

Number Outstanding Dec 31, 2019	Granted	Expired/ Exercised	Cancelled	Number Outstanding Dec 31, 2020	Exercise Price	Expiry Date	Weighted Average Remaining Life (in years)
500,000	-	-	-	500,000	\$ 0.10	Aug 30, 2021	0.66
500,000	-	-	-	500,000	\$ 0.10 (weighted average)		0.66

Information regarding Agent's Warrants outstanding at December 31, 2019 is as follows:

Number Outstanding Dec 31, 2018	Granted	Expired/ Exercised	Cancelled	Number Outstanding Dec 31, 2019	Exercise Price	Expiry Date	Weighted Average Remaining Life (in years)
-	500,000	-	-	500,000	\$ 0.10	Aug 30, 2021	1.67
-	500,000	-	-	500,000	\$ 0.10 (weighted average)		1.67

ABIGAIL CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019**

(Stated in Canadian dollars)

6. RELATED PARTY TRANSACTIONS

Related party transactions are measured at the amounts agreed upon by the parties. Related party transactions for the year ended December 31, 2020 and the comparative year ended December 31, 2019 are as follows.

- a) There was no cash compensation paid to directors or officers of the Company during the year ended December 31, 2020. The share-based payments expense related to directors for the year ended December 31, 2020 was \$Nil (2019 - \$68,222).
- b) A company owned by a Director, Ian Slater, recharged costs in the amount of \$60,000 for the year ended December 31, 2020 (2019 - \$12,450).
- c) Farris LLP, in which a Director, Jay Sujir, is a partner provided legal services to the Company in the amount of \$11,414 for the year ended December 31, 2020 (2019 - \$53,888).

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has designated its cash and amounts receivable as a financial asset at amortized cost and accounts payable and accrued liabilities as financial liabilities at amortized cost.

a) Fair Value

Management assessed that fair values of cash, amounts receivable, and accounts payable and accrued liabilities approximate their carrying amounts, largely due to the short-term maturities of these instruments. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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.

b) Financial Risk Management*Credit Risk*

Credit risk is the risk of loss arising from a customer or third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is attributable to its liquid financial assets including cash. The Company limits exposure to credit risk by maintaining its cash with a major Canadian financial institution.

ABIGAIL CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019

(Stated in Canadian dollars)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)**Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital to meet short-term business requirements, taking into consideration cash flows from operations and the Company's holdings of cash, as well as anticipated proceeds from equity financing. The Company believes that these sources are sufficient to cover the likely short-term cash requirements, but that further funding may be required to meet long-term requirements. As at December 31, 2020, the Company had cash of \$724,275 (2019 - \$875,224) to settle current trade payables of \$7,617 (2019 - \$68,271). The Company's financial liabilities include trade payables that have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices. The Company does not currently hold and does not expect to hold interest-bearing financial instruments other than cash, assets or liabilities denominated in a foreign currency, and marketable securities or other financial instruments subject to fluctuations in equity prices, it currently does not have and is not expected to have exposure to these market risks.

9. CAPITAL MANAGEMENT

Capital is composed of the Company's shareholders' equity and any debt that it may issue. As at December 31, 2020, the Company's shareholders' equity was \$717,611 (2019 - \$808,526) and it had current liabilities of \$7,617 (2019 - \$68,271). The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements, and internally determined capital guidelines and calculated risk management levels.

The Company's current capital was received from the issuance of common shares. The net proceeds raised to date will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction.

The Company is not subject to any externally imposed capital requirements other than the expenditure restrictions applicable under Policy 2.4, which applied on completion of the IPO. These expenditure restrictions limit the aggregate amount that the Company is permitted to spend on certain share issuance costs, professional fees, transfer agent fees, listing and filing fees, and other general and administrative costs to the lesser of \$210,000 or 30% of the gross proceeds from share issuances.

ABIGAIL CAPITAL CORPORATION**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019

(Stated in Canadian dollars)

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2020		December 31, 2019	
Loss for the year	\$	(90,915)	\$	(187,819)
Statutory tax rate		27.00%		27.00%
Expected income tax (recovery)	\$	(25,000)	\$	(51,000)
Change in statutory, foreign tax, and foreign exchange rates and other		-		1,000
Permanent differences		-		18,000
Share issue costs		-		(28,000)
Adjustment to prior years provision versus statutory tax return		(13,000)		-
Change in unrecognized deductible temporary differences		38,000		60,000
Total income tax expense (recovery)	\$	-	\$	-

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	December 31, 2020		December 31, 2019	
Deferred tax assets (liabilities)				
Share issue costs	\$	17,000	\$	22,000
Non-capital losses available for future periods		81,000		38,000
		98,000		60,000
Unrecognized deferred tax assets		(98,000)		(60,000)
Net deferred tax assets	\$	-	\$	-

The significant components of the Company's temporary differences, unused tax credits, and unused tax losses that have not been included on the statement of financial position are as follows:

	December 31, 2020		Expiry Date Range	December 31, 2019		Expiry Date Range
Temporary Differences						
Share issue costs	\$	61,000	2041 to 2043	\$	82,000	2040 to 2043
Non-capital losses available for future periods		299,000	2039 to 2040		140,000	2039
Canada	\$	299,000	2039 to 2040	\$	140,000	2039

Tax attributes are subject to review and potential adjustment by tax authorities.