

ANC CAPITAL VENTURES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended December 31, 2020 & 2019

(Expressed in Canadian Dollars)

ANC CAPITAL VENTURES INC.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102- *Continuous Disclosure Obligations*, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company (the “Board”).

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

January 20, 2021

ANC CAPITAL VENTURES INC.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

	December 31, 2020 \$ (unaudited)	March 31, 2020 \$ (audited)
Assets		
Current assets		
Cash	293,367	316,047
Lawyer's trust	10,000	–
Total assets	303,367	316,047
Liabilities		
Accounts payable	278	–
	278	
Shareholders' equity		
Share capital	353,967	353,967
Share-based payment reserve (Note 5)	52,619	52,619
Deficit	(103,497)	(90,539)
Total shareholders' equity	303,089	316,047
Total liabilities and shareholders' equity	303,367	316,047
Nature and continuance of operations (Note 1)		

Approved and authorized for issuance by the Board of Directors on January 20, 2021:

Signed "Jim Sekora"

Jim Sekora
Director

Signed "Randy Clifford"

Randy Clifford
Director

(The accompanying notes are an integral part of these condensed interim financial statements)

ANC CAPITAL VENTURES INC.
CONDENSED INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
(unaudited)

	Three months ended December 31, 2020 \$	Three months ended December 31, 2019 \$	Nine months ended December 31, 2020 \$	Nine months ended December 31, 2019 \$
Expenses				
General and administrative	(35)	–	68	–
Professional fees	–	525	7,006	6,993
Transfer agent & filing fees	1,355	500	5,884	26,117
Total expenses	1,320	1,025	12,958	33,110
Loss before other income (expense)	(1,320)	(1,025)	(12,958)	(33,110)
Net loss and comprehensive loss	(1,320)	(1,025)	(12,958)	(33,110)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.02)
Weighted average number of shares outstanding	5,600,000	2,100,000	5,600,000	2,100,000

(The accompanying notes are an integral part of these condensed interim financial statements)

ANC CAPITAL VENTURES INC.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)
(unaudited)

	Share Capital		Share-based payment reserve \$	Deficit \$	Total \$
	Number of Shares	Amount \$			
Balance, March 31, 2019	2,100,000	105,000	26,010	(26,010)	105,000
Net loss for the period	–	–	–	(33,110)	(33,110)
Balance, December 31, 2019	2,100,000	105,000	26,010	(59,120)	71,890

	Share Capital		Share-based payment reserve \$	Deficit \$	Total \$
	Number of Shares	Amount \$			
Balance, March 31, 2020	5,600,000	353,967	52,619	(90,539)	316,047
Net loss for the period	–	–	–	(12,958)	(12,958)
Balance, December 31, 2020	5,600,000	353,967	52,619	(103,497)	303,089

(The accompanying notes are an integral part of these condensed interim financial statements)

ANC CAPITAL VENTURES INC.
CONDENSED INTERIM STATEMENT OF CASH FLOWS
EXPRESSED IN CANADIAN DOLLARS
(unaudited)

	Nine month period ended December 31, 2020 \$	Nine month period ended December 31, 2019 \$
Operating activities		
Net loss	(12,958)	(33,110)
Adjustment for items not involving cash:		
Accounts payable	278	525
Prepaid expenses	—	(28,125)
Shareholder loan	—	50
Net cash used in operating activities	(12,680)	(60,660)
Financing activities		
Proceeds from issuance of shares	—	—
Net cash provided by financing activities	—	—
Change in cash	(12,680)	(60,660)
Cash, beginning of period	316,047	105,000
Cash, end of period	303,367	44,340

(The accompanying notes are an integral part of these condensed interim financial statements)

ANC CAPITAL VENTURES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

NINE MONTH PERIOD ENDED DECEMBER 31, 2020

EXPRESSED IN CANADIAN DOLLARS

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

ANC Capital Ventures Inc. (the “Company”) was incorporated on March 11, 2019 pursuant to the provisions of the *Business Corporations Act* (British Columbia). The Company was formed to complete an Initial Public Offering (“IPO”) and become classified as a Capital Pool Company (“CPC”) as defined by TSX Venture Exchange (“TSXV”) Policy 2.4. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). On January 17, 2020, the Company completed its IPO and that its shares were listed for trading on the TSXV. The head office and the registered office of the Company is located at Suite 2500, 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1B3.

As at December 31, 2020, the Company has no business operations. As a CPC, the Company’s principal business objective will be to identify and evaluate assets, properties or businesses with a view to a potential acquisition or participation by completing a QT subject, in certain cases, to shareholders’ approval and acceptance by the TSXV. There is no assurance that the Company will identify and successfully acquire businesses or assets that will produce a profit. Moreover, if a potential business or asset is identified which warrants acquisition or participation, additional funds may be required to complete the acquisition or participation and the Company may not be able to obtain such financing on terms which are satisfactory to the Company.

Under the policies of the TSXV, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company’s shares are listed for trading on the TSXV. There is no assurance that the Company will be able to complete a QT within this time period, or that it will be able to secure the necessary financing to complete a QT. The TSXV may suspend or de-list the Company’s shares from trading should it not meet these requirements.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company is not currently determinable, but management continues to monitor the situation.

Going Concern

These condensed interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the nine month period ended December 31, 2020, the Company had no revenues and incurred a net loss of \$12,958. As at December 31, 2020, the Company has no current business and has an accumulated deficit of \$103,497. The Company’s continuing operations are dependent upon its ability to complete its IPO and identify, evaluate, and negotiate a QT. If the QT is identified or completed, additional funding may be required and there is no assurance that the Company will be able to obtain such financing, if any, on terms that are acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. These condensed interim financial statements do not include any adjustments to the recorded assets or liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance and Basis of Presentation

These unaudited condensed interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. These condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended March 31, 2020.

The accompanying condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. The condensed interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company’s functional currency

ANC CAPITAL VENTURES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
NINE MONTH PERIOD ENDED DECEMBER 31, 2020
EXPRESSED IN CANADIAN DOLLARS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Use of Estimates and Judgments

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the period. It also requires management to exercise its judgment in the processing of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The impacts of such estimates and judgments are pervasive throughout the condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates and judgments are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. Actual results could differ from these estimates.

Significant areas requiring the use of estimates include the fair value of share-based compensation and the recoverability of unrecognized deferred income tax assets.

The Company's assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Application of New IFRS

IFRS 16, Leases

On April 1, 2019, the Company adopted IFRS 16 – Leases (“IFRS 16”) which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee, and all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less), leases with certain variable lease payments, and leases of low-value assets.

The Company adopted IFRS 16 on April 1, 2019 using the full retrospective method, with no significant impact on the Company's condensed interim financial statements.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to a known amount of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(e) Financial Instruments

Classification and measurement – initial recognition

On initial recognition, all financial assets and liabilities are classified and recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss (“FVTPL”).

Classification and measurement – subsequent to initial recognition

Subsequent measurement of financial assets and liabilities depends on their classification and measurement basis.

Financial assets

Subsequent to initial recognition, financial assets are measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss, depending on the business model in which a financial asset is managed and its contractual cash flow characteristics.

ANC CAPITAL VENTURES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
NINE MONTH PERIOD ENDED DECEMBER 31, 2020
EXPRESSED IN CANADIAN DOLLARS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments (continued)

Financial assets (continued)

A financial asset is measured at amortized cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

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

Financial assets that do not meet the above conditions are classified as fair value through profit or loss. The Company's cash and cash equivalents is measured at amortized cost.

Financial liabilities

Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless designated as fair value through profit or loss.

Impairment of financial assets

The Company applies the expected credit loss ("ECL") model to its financial assets measured at amortized cost. Under the ECL model, loss allowances are measured on either of the following bases:

- 12-month ECLs: result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: result from all possible default events over the expected life of a financial instrument.

Upon recognition of a financial asset, 12-month ECLs are recognized in the statement of operations and a loss allowance is established. At each reporting date, if the credit risk associated with a financial asset has increased significantly and is not considered low, lifetime ECLs are recognized in the statement of operations.

(f) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Income Taxes

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(g) Loss Per Share

Basic loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted loss per share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Potentially dilutive securities are excluded from the calculation of dilutive loss per share as they are anti-dilutive. As at December 31, 2020, the Company has 905,000 (2019 – 555,000) potentially dilutive shares relating to outstanding stock options.

(h) Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations. The Company does not have any items affecting comprehensive income or loss.

(i) Share-based Payments

The Company grants share-based awards to employees and directors as an element of compensation. The fair value of the awards is recognized over the vesting period as share-based compensation expense and share-based payment reserve. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the consolidated statement of operations with a corresponding entry within equity, against share-based payment reserve. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in share-based payment reserve, are credited to share capital.

Share-based payments arrangements in which the Company receives goods or services as consideration for its equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

(j) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the nine month period ended December 31, 2020. These accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

ANC CAPITAL VENTURES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
NINE MONTH PERIOD ENDED DECEMBER 31, 2020
EXPRESSED IN CANADIAN DOLLARS

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instruments and related risks. Those risks and management's approach to mitigating those risks are as follows:

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments, which includes cash and cash equivalents, approximates its fair value due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consists of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with a high credit quality financial institution or within a legal trust. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(d) 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 plans on settling its financial obligations out of cash and relies on the Company raising debt or equity financing in a timely manner to maintain cash in excess of anticipated needs. There is no assurance that financing will be available or, if available, that financing will be on terms acceptable to the Company.

4. SHARE CAPITAL

Authorized: unlimited common shares without par value

unlimited preferred shares without par value

- (a) On March 22, 2019, the Company issued 2,100,000 common shares at \$0.05 per share for proceeds of \$105,000 to the directors of the Company, and cancelled the original founder's share.
- (b) On January 17, 2020, the Company issued 3,500,000 common shares through its IPO at \$0.10 per share for proceeds of \$350,000. As part of the IPO, the Company incurred share issuance fees of \$74,424 and issued 350,000 broker options, exercisable at \$0.10 per share for a period of two years from the date of issuance, with a fair value of \$26,609.

In accordance with TSX-V Policy 2.4 for Capital Pool Companies, the Company is limited to the lesser of 30% of gross proceeds raised from the sale of securities or \$210,000 for expenditures that are not related to valuations or appraisals, business plans, feasibility studies and technical assessments, sponsorship reports, geological reports, condensed interim financial statements, fees for legal and accounting services, and agents fees, costs, and commissions.

ANC CAPITAL VENTURES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
NINE MONTH PERIOD ENDED DECEMBER 31, 2020
EXPRESSED IN CANADIAN DOLLARS

5. STOCK OPTIONS

The Company has established a stock option plan (the “Plan”) for its directors, executive officers, employees and consultants under which the Company may grant up to 560,000 stock options until the completion of the qualifying transaction which increases to 10% of the total issued and outstanding common shares of the Company after the completion of the qualifying transaction.

During the period ended March 31, 2019, the Company granted 555,000 stock options with a fair value of \$26,010 to officers and directors of the Company which was recorded as share-based compensation on the statement of operations. The weighted average fair value of stock options on the date of grant was \$0.05.

During the year ended March 31, 2020, the Company granted 350,000 stock options with a fair value of \$26,609 to a broker as part of the Company’s IPO which was recorded as share-based payment reserve on the statement of financial position. The weighted average fair value of stock options on the date of grant was \$0.05.

	Number of options	Weighted average exercise price \$
Outstanding, March 31, 2020	905,000	0.10
Granted	–	–
Outstanding, December 31, 2020	905,000	0.10

Additional information regarding stock options outstanding as at December 31, 2020, is as follows:

Range of exercise prices \$	Stock options outstanding	Weighted average remaining contracted life (years)
0.10	905,000	7.45

6. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and shareholders’ equity.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is subject to externally imposed capital requirements under Policy 2.4 of the TSX-V for Capital Pool Companies and the Company’s overall strategy with respect to capital risk management remains unchanged from the period ended March 31, 2020.