HANSCO CAPITAL CORP.
(A Capital Pool Company)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(Expressed in Canadian Dollars)

S H I M

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hansco Capital Corp.

Opinion
We have audited the accompanying financial statements of Hansco Capital Corp. (the Company), which comprise the statements of financial position as at September 30, 2020 and 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended September 30, 2020 and for the period from the date of incorporation on August 22, 2019 to September 30, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020 and 2019, and its financial performance and cash flows for the year ended September 30, 2020 and for the period from the date of incorporation on August 22, 2019 to September 30, 2019 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 of the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditors' report thereon, in the 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.

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 scepticism 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 Dong H. Shim.

SHIM & ASSOCIATES LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
21 December 2020

HANSCO CAPITAL CORP.
(A Capital Pool Company)
STATEMENTS OF FINANCIAL POSITION
As at September 30, 2020
(Expressed in Canadian dollars)

		September 30, 2020		September 30, 2019
ASSETS				
Current assets				
Cash	$	354,505	$	98,548
Prepaid expenses		3,717		51,250
Total assets	$	358,222	$	149,798
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	4,400	$	4,000
Total liabilities		4,400		4,000
Shareholders' equity				
Share capital (Note 4)		349,272		150,000
Stock options reserve (Note 4)		41,540		-
Deficit		(36,990)		(4,202)
Total shareholders' equity		353,822		145,798
Total liabilities and Shareholders' equity	$	358,222	$	149,798

Nature of operations and going concern (Note 1)
Basis of presentation (Note 2)

On behalf of the Board:

"Robert J Quinn"
Director

"Bob Hans"
Director

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

HANSCO CAPITAL CORP.
(A Capital Pool Company)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the year ended September 30, 2020 and
For the period from the date of incorporation on August 22, 2019 to September 30, 2019
(Expressed in Canadian dollars)

	2020	2019
EXPENSES		
Bank charges and foreign exchange	$ 97	$ 12
Office supplies and services	921	190
Professional fees	6,070	4,000
Stock based compensation	25,700	-
Net loss and comprehensive loss for the period	$ 32,788	$ 4,202
Basic and diluted loss per share	(0.01)	(0.00)
Weighted average number of common shares outstanding	4,655,738	3,000,000

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

HANSCO CAPITAL CORP.
(A Capital Pool Company)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended September 30, 2020 and
For the period from the date of incorporation on August 22, 2019 to September 30, 2019
(Expressed in Canadian dollars)

	Share Capital				
	Number of Shares	**Amount**	**Stock Options Reserve**	**Deficit**	**Total**
Balance, August 22, 2019	-	$ -	$ -	$ -	$ -
Common shares issued	3,000,000	150,000	-	-	150,000
Loss for the period	-	-	-	(4,202)	(4,202)
Balance, September 30, 2019	3,000,000	150,000	-	(4,202)	145,798
Common shares issued	3,000,000	300,000	-	-	300,000
Share issue costs	-	(100,728)	15,840	-	(84,888)
Stock based compensation	-	-	25,700	-	25,700
Loss for the year	-	-	-	(32,788)	(32,788)
Balance, September 30, 2020	**6,000,000**	**$ 349,272**	**$ 41,540**	**$ (36,990)**	**$ 353,822**

HANSCO CAPITAL CORP.
(A Capital Pool Company)
STATEMENTS OF CASH FLOWS
For the year ended September 30, 2020 and
For the period from the date of incorporation on August 22, 2019 to September 30, 2019
(Expressed in Canadian dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (32,788)	$ (4,202)
Adjustment for non-cash items:		
Stock based compensation	25,700	-
Changes in non-cash working capital items:		
Prepaid expenses	-	(51,250)
Accounts payable and accrued liabilities	400	4,000
Net cash used in operating activities	(6,688)	(51,452)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from common shares issued, net	262,645	150,000
Net cash provided by financing activities	262,645	150,000
Change in cash during the period	255,957	98,548
Cash, beginning of period	98,548	-
Cash, end of period	$ 354,505	$ 98,548
Supplemental Cash Flow Information		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

1. NATURE OF OPERATIONS AND GOING CONCERN

Hansco Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 22, 2019.

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a qualifying transaction under the auspices of the Capital Pool Company policies of the TSX Venture Exchange. The head office and principal business address of the Company is Suite 600 – 890 West Pender St., Vancouver, BC, V6C 1K4.

These 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. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at September 30, 2020, the Company has not generated any revenues from operations and has an accumulated deficit of $36,990. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PRESENTATION

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").

These financial statements were authorized for issue by the Audit Committee and Board of Directors on December 21, 2020.

Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at September 30, 2020 and 2019, the Company did not have any cash equivalents.

Financial instruments

Classification

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortized cost.

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 either be recorded in profit or loss or OCI. 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 equity investment at fair value through other comprehensive income (FVOCI).

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

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit 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.

Debt instruments
Subsequent measurement of debt instrument 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 its 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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- 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 amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments
The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

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

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Capital stock

Financial instruments issued by the Company are classified as equity only to the extend that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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 closed. When an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

Provision and contingent liabilities

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

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, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these 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 or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore 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.

Diluted 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 and common share purchase warrants, as if their dilutive effect was 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, basic per share amounts are the same as on a diluted basis as the result would be anti-dilutive.

Use of estimates and measurement uncertainties

The preparation of 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, or deferred income tax assets and liabilities.

4. SHAREHOLDERS' EQUITY

Authorized share capital

Unlimited common shares, without par value.

Share issuances

On August 22, 2019, the Company issued 3,000,000 common shares at $0.05 to the founding directors and officers of the Company for proceeds of $150,000.

On March 12, 2020, the Company completed its initial public offering by issuing an aggregate of 3,000,000 common shares at a price of $0.10 per share for gross proceeds of $300,000. The Company paid a commission of 10% of the gross proceeds of the offering and a corporate finance fee of $10,000 to the agent in the transaction. The Company reimbursed the agent for its expenses in connection with the offering and issued 300,000 agent's options, with each option exercisable for a share of the Company at a price of $0.10 per share until March 12, 2022.

Escrow Shares

As at September 30, 2020, a total of 3,000,000 common shares were subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates 6, 12, 18, 24, 30 and 36 months following the Initial Release. All common shares acquired on the exercise of stock options granted to directors, officers and non-employees prior to the completion of a qualifying transaction must also be deposited in escrow until the Final Exchange Bulletin is issued. In addition, all common shares of the Company acquired in the secondary market prior to the completion of a qualifying transaction by any person or company who becomes a control person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Company held by principals of the resulting issuer will also be escrowed.

Stock Options

Incentive Stock Options

On October 7, 2019, the Company adopted an incentive stock option plan (the "Option Plan") which allows the Company's Board of Directors, at its discretion an in accordance with TSX Venture Exchange requirements, to grant non-transferable options to purchase common shares to its directors, officers, employees and technical consultants to the Company. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercised for a period of up to ten years from the date of grant and vesting terms will be determined at the time of grant by the Board of Directors.

On October 7, 2019, the Company granted 600,000 stock options to directors and officers of the Company with an exercise price of $0.10 per share expiring ten years from the date of listing of the Company's shares on the TSX Venture Exchange. The fair value of the stock options was calculated to be $25,700 using the Black-Scholes Option Pricing Model with the following assumptions: expected life of the option of 10 years, expected volatility of 100%, expected dividend yield of 0% and risk-free interest rate of 1.31%.

As at September 30, 2020, 600,000 stock options were outstanding and exercisable.

Agent's Options

On March 12, 2020, the Company issued 300,000 options to the Company's agent as part of the agent's compensation with respect to the sale of the Company's initial public offering. The agent's options are exercisable at a price of $0.10 per share for two years and have an expiry date of March 12, 2022. Not more than 50% of the aggregate number of common shares which can be acquired by the agent on the exercise of the agent's options may be sold by the agent prior to the completion of the Company's qualifying transaction. The remaining 50% may be sold after the completion of the qualifying transaction.

The agent's options had a fair value of $15,840 calculated using the Black-Scholes Option Pricing Model with the following assumptions: expected life of the option of 2 years, expected volatility of 100%, expected dividend yield of 0% and risk-free interest rate of 0.49%.

5. RELATED PARTY TRANSACTIONS

In the year ended September 30, 2020 and in the period ended September 30, 2019, there were no fees or payments incurred or paid to any of the directors or officers of the Company.

In the period ended September 30, 2019, the directors and officers of the Company subscribed for 3,000,000 common shares of the Company at a price of $0.05 per share.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at September 30, 2020, the Company's financial instruments are comprised of cash and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short-term maturity. 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at September 30, 2020, the fair value of cash held by the Company was based on level 1 of the fair value hierarchy.

The Company's risk exposure and the impact on the Company's financial instruments is summarized below**:**

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper.

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 currently settles its financial obligations out of cash. 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. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. This risk is considered to be minimal.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as they are denominated in currencies that differ from the respective functional currency. The Company's functional currency is the Canadian dollar. There are no current assets held in other currencies and therefore the foreign exchange risk is assessed as low.

7. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at September 30, 2020, the Company's shareholders' equity was $353,822. The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its on-going 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. Additional funds may be required to finance the Company's future business opportunities.

The gross proceeds realized from the sale of the securities issued by the Company may only be used to identify and evaluate assets or businesses and obtain shareholder approval for the Qualifying Transaction ("QT"). Until the completion of the QT, no payment of any kind may be made, directly or indirectly, by the Company to a non-arm's length party to the Company or a non-arm's length party to the QT, or to any person engaged in investor relations activities in respect of the Company or the securities of the Company, except to reimburse reasonable expenses for office supplies, office rent, utilities, equipment leases, legal services and out-of-pocket expenses incurred in pursuing the identification and evaluation of assets or businesses with a view to competing a QT.

The Company is not subject to any externally imposed capital requirements, except as noted above. There were no changes to the Company's approach to capital management during the year ended September 30, 2020.

8. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the identification and evaluation of assets or businesses with a view to completing a qualifying transaction under the auspices of the Capital Pool Company policies of the TSX Venture Exchange. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.

(Expressed in Canadian dollars)

9. INCOME TAXES

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

	2020 $	2019 $
Loss before income taxes	(32,788)	(4,202)
Expected income tax (recovery)	(8,853)	(1,135)
Permanent differences	(15,981)	-
Tax benefits not recognized	24,833	1,135
Total income tax recovery	-	-

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

	2020 $	2019 $
Deferred income tax assets:		
Non-capital loss carryforwards	7,632	1,135
Share issue costs	18,336	-
	25,968	1,135
Tax benefits not recognized	(25,968)	(1,135)
Net deferred tax assets	-	-

The tax pools relating to these deductible temporary differences expire as follows:

	Expiry Date Range
Temporary Differences	
Non-capital losses available for future period (Canada)	2039-2040
Share issue costs (Canada)	2021-2024