BALTIC I ACQUISITION CORP.

FINANCIAL STATEMENTS

Expressed in Canadian Dollars

FOR THE SIX MONTHS ENDED JUNE 30, 2021

UNAUDITED

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of Baltic I Acquisition Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these condensed interim financial statements.

BALTIC I ACQUISITION CORP.
UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT
Expressed in Canadian Dollars

	June 30, 2021	December 31, 2020
ASSETS		
Current		
Cash	$ 468,388	$ 505,221
	$ 468,388	$ 505,221
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 263,708	$ 144,021
Shareholders' equity		
Share capital (Note 4)	583,247	583,247
Additional paid in capital	34,058	17,351
Deficit	(412,625)	(239,398)
	204,680	361,200
	$ 468,388	$ 505,221

Nature and continuance of operations (Note 1)
Contingency (Note 8)

The accompanying notes are an integral part of these financial statements

BALTIC I ACQUISITION CORP.
UNAUDITED CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Expressed in Canadian Dollars

	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
EXPENSES				
Filing fees	$ 2,836	$ 1,108	$ 8,296	$ 11,608
General admin & office	106	-	702	-
Professional fees	31,265	57,201	143,293	58,222
Share-based compensation (Note 4)	-	-	16,707	-
Transfer agent fees	2,167	478	4,229	3,363
Loss for the period	$ 36,374	58,787	$ 173,227	73,193
Basic and diluted loss per common share	$ (0.00)	$ (0.04)	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding – basic and diluted (Note 4)	10,000,000	1,524,725	10,000,000	3,854,309

BALTIC I ACQUISITION CORP.
UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in Canadian Dollars

	Shares	Share capital	Additional paid in capital	Deficit	Total shareholders' equity
Balance, December 31, 2019	**7,000,000**	**$ 350,000**	**$ 9,023**	**$ (31,963)**	**$ 327,060**
Initial public offering	2,500,000	250,000	-	-	250,000
Share issuance costs	-	(48,694)	-	-	(48,694)
Share issuance costs – agents warrants	-	(8,328)	8,328	-	-
Loss for the period	-	-	-	(73,193)	(73,193)
Balance, June 30, 2020	**9,500,000**	**$ 542,978**	**17,351**	**$ (105,156)**	**$ 455,173**
Private placement	500,000	60,000	-	-	60,000
Share issuance costs	-	(19,731)	-	-	(19,731)
Loss for the period	-	-	-	(134,242)	(134,242)
Balance, December 31, 2020	**10,000,000**	**$ 583,247**	**$ 17,351**	**$ (239,398)**	**$ 361,200**
Share-based compensation	-	-	16,707	-	16,707
Loss for the period	-	-	-	(173,227)	(173,227)
Balance, June 30, 2021	**10,000,000**	**$ 583,247**	**$ 34,058**	**$ (412,625)**	**$ 204,680**

BALTIC I ACQUISITION CORP.
UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS
Expressed in Canadian Dollars

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
CASH FLOW USED IN OPERATING ACTIVITIES		
Net loss for the period	$ (173,227)	$ (73,193)
Changes in non-cash working capital items:		
Share-based compensation	16,707	-
Accounts payable and accrued liabilities	119,687	47,022
Net cash used in operating activities	(36,833)	(26,171)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issuance	-	250,000
Share issue costs	-	(38,694)
Net cash provided by financing activities	-	211,306
Change in cash for the period	(36,833)	185,135
Cash, beginning of period	505,221	327,060
Cash, end of period	$ 468,388	$ 512,195

The accompanying notes are an integral part of these financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Baltic I Acquisition Corp. (the "Company") completed its Initial Public Offering ("IPO") in March 2020 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSXV") Policy 2.4. 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 TSXV ("Qualifying Transaction"). 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, TSXV filing requirements, professional services, and administration subject to certain restrictions under Policy 2.4. The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on December 13, 2018. The Company's registered and records office address is 25th Floor, 700 W Georgia St Vancouver, BC, V7Y 1B3.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business within 24 months of listing on the TSX-V. Any acquisition or investment proposed by the Company will be subject to regulatory approval.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company has incurred losses and will continue to incur further losses in the course of its business operations. As at June 30, 2021, the Company had a deficit of $412,625. The Company has been relying on the issuance of share capital to fund its operations. Although the Company has been successful in the past in raising equity financing, there is no assurance that such financing will be available with acceptable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

These annual financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

These financial statements were authorized for issue by the Board of Directors on August 30, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

New accounting pronouncements

There were no new or amended IFRS pronouncements effective January 1, 2021 that impacted these consolidated financial statements.

Use of estimates and judgments

The preparation of financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Use of estimates and judgments (cont'd…)

financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Significant estimates and judgments made by management in the preparation of these financial statements are as follows:

Share-based compensation and warrants
Grants of stock options and warrants require an estimate of the fair value of those instruments at time of issue. The estimate involves assumptions regarding the life of the option or warrant, dividend yields, interest rates, and volatility of the Company's common shares. The charge is measured using the Black-Scholes option pricing model, which could be replaced by a pricing model producing different results.

Income taxes
The Company recognises deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and that sufficient taxable income will be generated in the future to recover such deferred tax assets. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

4. SHARE CAPITAL

a) Authorized:

Unlimited common shares with no par value and unlimited preferred shares with no par value.

b) Issuances:

During the year ended December 31, 2020, the Company successfully completed its initial public offering ("IPO") of 2,500,000 common shares at a price of $0.10 per common share for gross proceeds of $250,000. Subject to the terms of an agency agreement entered into in connection with the IPO, Haywood Securities Inc. ("Haywood" or the "Agent") received a cash commission of 10% of the IPO proceeds, a $10,000 corporate finance fee, reimbursement of out-of-pocket expenses and 200,000 agents' warrants with a value of $8,328. Each agent's warrant is exercisable to purchase an additional common share of the Company at a price of $0.10 for a period of 24 months from close of the IPO. Total share issuance costs paid in cash related to this IPO was $68,425.

In July 2020, the Company completed a private placement for 500,000 common shares at a price of $0.12 for proceeds of $60,000.

c) Escrow shares:

The Company entered into an escrow agreement with certain shareholders representing 7,000,000 common shares ("Seed Shares"). These Seed Shares will be released from escrow 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 TSXV. As these Seed Shares are considered contingently issuable until the Company completes a Qualifying Transaction, they are not considered to be outstanding for the purposes of loss per share calculations and have been excluded from the calculation of basic and diluted weighted average shares outstanding as at March 31, 2021. In May 2021, subsequent to period end, the Company received shareholder approval for the amendment of its escrow agreements in accordance with amendments to Policy 2.4, effective January 1, 2021, which eliminates the 24 month time period for cancellation of shares.

Expressed in Canadian Dollars

4. SHARE CAPITAL (cont'd…)

d) Stock Options:

The Company has established a stock option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants to a maximum of 10% of the Company's issued and outstanding common shares. These options may be granted for a maximum term of ten years from the date of grant and vest as determined by the board of directors.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted average Exercise Price
Balance, as at December 31, 2019 & 2020	**510,000**	**$ 0.10**
Granted	200,000	0.135
Balance, as at June 30, 2021	**710,000**	**$ 0.11**

As at June 30, 2021, stock options outstanding are as follows:

Grant Date	Number of options Outstanding and Exercisable	Exercise Price	Expiry date
September 16, 2019	510,000	$0.10	March 11, 2030
January 13, 2021	200,000	$0.135	January 13, 2026
Total	**710,000**		

e) Warrants:

A summary of the Company's warrant activity is as follows:

	Number of Warrants	Weighted average Exercise Price
Balance, as at December 31, 2019	**-**	**$ -**
Issued – Agent's Warrants	200,000	0.10
Balance, as at December 31, 2020 and June 30, 2021	**200,000**	**$ 0.10**

As at June 30, 2021, warrants outstanding are as follows:

Grant Date	Number of warrants Outstanding	Exercise Price	Expiry date
March 11, 2020	200,000	$0.10	March 11, 2022
Total	**200,000**		

4. SHARE CAPITAL (cont'd…)

f) Share-based compensation:

During the six months ended June 30, 2021, the fair value of the options granted was determined to be $16,707 using the Black-Scholes option pricing model under the following assumptions: risk-free interest rate - 2.07%; expected life - 5 years; expected volatility – 75% and expected dividends - nil.

5. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes executive and non-executive members of the Company's Board of Directors, the CEO and CFO.

During the six months ended June 30, 2021, the Company recorded legal fees of $101,418 (2020 - $56,544) to a law firm in which a director is a partner.

During the period ended June 30, 2021, the Company incurred share based compensation expenses of $16,707 in relation to stock options issued to an officer of the Company.

As at June 30, 2021, there was $212,747 (December 31, 2020 - $136,129) included in accounts payable due to related parties.

6. FINANCIAL INSTRUMENTS

Fair value

Cash is carried at fair value using a level 1 fair value measurement. The recorded value of accounts payable and accrued liabilities approximate their fair values due to their demand nature and their short term to maturity.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash in a major Canadian bank.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Foreign currency risk

The Company may at times be exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at June 30, 2021, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

6. FINANCIAL INSTRUMENTS (cont'd…)

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

7. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at June 30, 2021, the Company's shareholders' equity was $204,680 and there was no long-term debt outstanding. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital.

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 issuance. The TSXV implemented changes to Policy 2.4, effective January 1, 2021, for which the Company received shareholder approval in May 2021 to implement changes to align with these policies.

8. CONTINGENCY

In September 2020, the Company entered into an arrangement agreement ("Arrangement Agreement") with Alpha Exploration Ltd. ("Alpha") pursuant to which the parties agreed to complete a transaction ("Transaction") by way of a statutory plan of arrangement under the '*Business Corporations* Act' (British Columbia) that was intended to result in Alpha acquiring all of the issued and outstanding shares of the Company, to be completed by a deadline of December 15, 2020. The Company declined to provide an extension to this deadline and accordingly the Arrangement Agreement was terminated.

In January 2021, Alpha commenced a claim against the Company alleging breach of contract, seeking recovery of transaction costs and damages. The Company has filed its materials in opposition and believes the claim has no merit. The outcome of the claim is uncertain, however the Company has recorded a provision of costs of $40,000 as at June 30, 2021 which has been included in professional fees.