

FIFE CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the period from incorporation on September 18, 2020 to April 30, 2021

(Expressed in Canadian Dollars)

Management's comments on unaudited condensed interim financial statements

The accompanying unaudited condensed interim financial statements of Fife Capital Corp. (the "Company") for the period from incorporation on September 18, 2020 to April 30, 2021 have been prepared by management and approved by the Board of Directors of the Company.

These financial statements have not been reviewed by the Company's external auditors.

FIFE CAPITAL CORP.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
(Expressed in Canadian dollars)

	April 30, 2021
ASSETS	
Current assets	
Cash	\$ 75,657
Deferred financing fees (Note 9)	22,290
Total assets	\$ 97,947
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities	
Accounts payable and accrued liabilities (Note 4)	\$ 6,575
Total liabilities	6,575
Shareholders' equity	
Share capital (Note 5)	103,500
Deficit	(12,128)
Total shareholders' equity	91,372
Total liabilities and shareholders' equity	\$ 97,947

Basis of presentation (Note 2)

On behalf of the Board:

Signed: "Murray Sinclair"

Director

Signed: "Robert Buchan"

Director

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

FIFE CAPITAL CORP.**CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)**

(Expressed in Canadian dollars)

	Three Months Ended April 30, 2021	From Incorporation on September 18, 2020 to April 30, 2021
EXPENSES		
Corporate and administrative services (Note 8)	\$ 4,725	\$ 4,725
Professional fees	1,000	6,480
Transfer agent, shareholder communications, listing and filing	711	711
Office and sundry	39	212
Loss and comprehensive loss for the period	\$ (6,475)	\$ (12,128)
Basic and diluted loss per common share (Note 5)	\$ (0.00)	\$ (0.01)

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

FIFE CAPITAL CORP.**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

(Expressed in Canadian dollars)

	Share Capital			
	Number of Shares	Amount	Deficit	Total
Balance, September 18, 2020	-	\$ -	\$ -	\$ -
Shares issued	1,380,000	103,500	-	103,500
Net loss for the period	-	-	(12,128)	(12,128)
Balance, April 30, 2021	1,380,000	\$ 103,500	\$ (12,128)	\$ 91,372

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

FIFE CAPITAL CORP.**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**

(Expressed in Canadian dollars)

	From Incorporation on September 18, 2020 to April 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss for the period	\$ (12,128)
Changes in non-cash working capital items:	
Accounts payable and accrued liabilities	6,575
Net cash used in operating activities	(5,553)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from sale of shares	103,500
Deferred financing fees	(22,290)
Net cash provided by financing activities	81,210
Change in cash during the period	75,657
Cash, beginning of period	-
Cash, end of period	\$ 75,657

Non-cash investing and financing activities:

There were no non-cash investing or financing activities during the period from incorporation on September 18, 2020 to April 30, 2021.

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

FIFE CAPITAL CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD FROM INCORPORATION ON SEPTEMBER 18, 2020 TO APRIL 30, 2021

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Fife Capital Corp. (the “Company”) was incorporated on September 18, 2020 under the Business Corporations Act (British Columbia). The Company intends to complete an initial public offering of common shares (the “IPO”) after which it will become a Capital Pool Company (“CPC”) as defined in the revised TSX Venture Exchange (“TSX-V”) Policy 2.4 (“Policy 2.4”), effective January 1, 2021. Additional information on the IPO is included in Note 9.

As a CPC, the Company’s objective will be 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 (“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, TSX-V listing and filing requirements, professional services and office facilities and administration, subject to certain restrictions under Policy 2.4. Additional discussion on these restrictions is included in Note 7.

The Company’s registered office address is Suite 1200, 200 Burrard St., Vancouver, BC, and its principal place of business is Suite 1703, 595 Burrard Street, Vancouver, BC.

These financial statements were authorized for issue by the Audit Committee and Board of Directors on June 17, 2021.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a pandemic, which continues to spread globally. As a CPC with no commercial operations, the COVID-19 pandemic has not had a significant impact on the Company’s routine operations or on the carrying value of its assets. However, the pandemic’s effect on broader capital markets may hinder the Company’s ability to complete the IPO or identify and complete a Qualifying Transaction.

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”).

b) 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.

c) Continuance of Operations

As at April 30, 2021, the Company had cash of \$75,657 which the Company’s management believes is sufficient to pay \$6,575 in accounts payable and accrued liabilities then outstanding and for its projected operating costs for the next 12 months. The Company intends to raise up to \$322,500 in additional equity financing from its proposed IPO, which will provide further short-term liquidity and will enable it to pursue a limited number of potential Qualifying Transactions.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

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(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (cont'd...)

d) Comparative Period Information

The Company was incorporated on September 18, 2020 and these are the first financial statements to be prepared for the Company. As a result, no comparative period information is provided.

3. SIGNIFICANT ACCOUNTING POLICIES**Financial instruments**

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- ii) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

The Company has implemented the following classifications for financial instruments:

- The Company's sole financial asset is cash. Cash is classified as an asset at fair value and any changes to fair value subsequent to initial recognition are recorded in profit or loss for the period in which they occur.
- Financial liabilities comprise of accounts payable and accrued liabilities. Accounts payable and accrued liabilities are classified as amortized cost and are measured using the effective interest rate method. Interest expense is recorded in profit or loss, as applicable.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The Company's sole financial asset is cash and, accordingly, does not hold any financial assets measured at amortized cost.

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(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**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 at which time they are reclassified as share issuance costs. If 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 provides services similar to those performed by an employee.

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 these 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, 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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**(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 including shares held in escrow.

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 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, 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 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:

i. **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.

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.

5. SHAREHOLDERS’ EQUITY**Authorized share capital**

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

Changes to the number of common shares outstanding are as follows:

	Number of Shares	Assigned Value
Outstanding, September 18, 2020	-	\$ -
Shares issued	1,380,000	103,500
Outstanding, April 30, 2021	1,380,000	\$ 103,500

On September 18, 2020, the Company issued 1,380,000 common shares at a price of \$0.075 per share for total proceeds of \$103,500 (the “Seed Shares”).

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5. SHAREHOLDERS' EQUITY (cont'd...)*Proposed IPO*

As further described in Note 9, the Company intends to complete the IPO for up to 2,150,000 of its common shares at a price of \$0.15 per share.

Equity reserves*Stock options*

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase its common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to ten years from the date of grant. The vesting conditions, if any, for stock options granted are determined at the discretion of the Company's Board of Directors.

As of April 30, 2021, the Company has not granted any stock options. However, the Company intends to grant options to purchase 300,000 common shares in conjunction with the close of the proposed IPO, discussed in Note 9. The options will be exercisable for one common share at a price of \$0.15 and would expire five years following the completion of the IPO.

Warrants

The Company may grant warrants that can be exercised to purchase its common shares at terms determined at the discretion of the Company's Board of Directors. These warrants may be included with common shares in future financings or granted as compensation for services provided to the Company. As of April 30, 2021, the Company has not granted any warrants, but, as further described in Note 9, the Company intends to grant warrants to purchase 100,000 common shares to the agent for the proposed IPO.

Per share amounts

Weighted average loss per share for the three months ended April 30, 2021 and the period from incorporation on September 18, 2020 to April 30, 2021 is calculated as follows:

	Three Months Ended April 30, 2021	September 18, 2020 to April 30, 2021
Numerator		
Net loss for the period	\$ (6,475)	\$ (12,128)
Denominator		
Weighted average number of common shares outstanding, basic and diluted	1,380,000	1,380,000
Loss per common share, basic and diluted	\$ (0.00)	\$ (0.01)

In accordance with the Company's accounting policy, weighted average number of common shares outstanding includes 1,380,000 shares held in escrow.

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6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at April 30, 2021, the Company's financial instruments comprise cash and accounts payable and accrued liabilities. The fair values of accounts payable and accrued liabilities 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 April 30, 2021, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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 primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.

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 there is sufficient capital to meet short-term business requirements, after considering cash flows from operations and the Company's holdings of cash as well as anticipated proceeds from the IPO. As at April 30, 2021, the Company had a cash balance of \$75,657 which it believes is sufficient to settle current liabilities of \$6,575 and anticipated short-term cash requirements, but that additional funding from the IPO is required to meet long-term requirements. 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. As 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.

FIFE CAPITAL CORP.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)****FOR THE PERIOD FROM INCORPORATION ON SEPTEMBER 18, 2020 TO APRIL 30, 2021**(Expressed in Canadian dollars)

7. CAPITAL MANAGEMENT

Capital is composed of the Company's shareholders' equity and any debt that it may issue. As at April 30, 2021, the Company's shareholders' equity was \$91,372 and it had current liabilities of \$6,575. 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 and those anticipated following the close of the IPO discussed in Note 9 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 will apply following the completion of the IPO. These expenditure restrictions limit the Company's on-going expenditures to reasonable expenditures relating to the IPO, reasonable expenses relating to a proposed Qualifying Transaction, assurance and audit fees, escrow agent and transfer agent fees, regulatory filing fees and a maximum of \$3,000 per month for other general and administrative costs.

8. RELATED PARTY TRANSACTIONS

On February 1, 2021, the Company entered into a corporate services agreement with Earlston Management Corp. ("Earlston") whereby Earlston will provide various administrative, management and corporate services to the Company for a fee of \$1,500 per month plus out-of-pocket costs. Additional fees may be paid to Earlston for non-standard services provided in connection with a Qualifying Transaction. The Company recognized a \$4,725 expense for corporate and administrative services provided by Earlston for the period from incorporation on September 18, 2020 to April 30, 2021, of which \$1,575 is included in accounts payable and accrued liabilities as at April 30, 2021.

9. INITIAL PUBLIC OFFERING

On November 18, 2020, the Company entered into a letter of intent (the "LOI") with Haywood Securities Inc. ("Haywood") pursuant to which Haywood would act as the Company's agent for the IPO. Under the terms of the LOI, the Company will offer up to 2,150,000 of its common shares at a price of \$0.15 per share for up to \$322,500 in gross proceeds. As compensation for agency services, Haywood will receive a cash commission of 7.5% of the gross IPO proceeds, a \$9,000 finance fee, reimbursement for out-of-pocket expenses up to \$9,000 and 100,000 agent's warrants (the "Agent's Warrants"). Each Agent's Warrant would be exercisable to purchase an additional common share in the Company at a price of \$0.15 for a 24-month period following the completion of the IPO. The Company has paid a total of \$22,290 for IPO-related legal, listing and other costs, which is recorded as a deferred financing fee as at April 30, 2021.

Upon completion of the IPO and reclassification of the Company as a CPC, the Seed Shares will be transferred to escrow and will be released ratably over a period up to 18 months following the completion of a Qualifying Transaction.