

FIFE CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended October 31, 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 three months ended October 31, 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)

	October 31,	July 31,
	2021	2021
	\$	\$
ASSETS		
Current assets		
Cash	287,959	330,017
Total assets	287,959	330,017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 4 and 6)	10,094	46,341
Total liabilities	10,094	46,341
Shareholders' equity		
Share capital (Note 5)	303,981	303,981
Equity reserves (Note 5)	47,231	47,231
Deficit	(73,347)	(67,536)
Total shareholders' equity	277,865	283,676
Total liabilities and shareholders' equity	287,959	330,017

Basis of presentation (Note 2)

On behalf of the Board:

Signed: "A. Murray Sinclair" Director _____
Signed: "Robert Buchan" Director

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

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

(Expressed in Canadian dollars)

	Three Months Ended
	October 31, 2021
	\$
EXPENSES	
Administrative and corporate services (Note 6)	4,725
Transfer agent, shareholder communications, listing and filing fees	1,009
Office and sundry	77
Loss and comprehensive loss for the period	5,811
Basic and diluted loss per common share (Note 5)	0.00

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

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

(Expressed in Canadian dollars)

	Share Capital		Equity Reserves	Deficit	Total
	Number of Shares	Amount			
		\$	\$	\$	\$
Balance, September 18, 2020	-	-	-	-	-
Shares issued	3,530,000	426,000	-	-	426,000
Share issuance costs	-	(122,019)	9,373	-	(112,646)
Share-based compensation	-	-	37,858	-	37,858
Net loss for the period	-	-	-	(67,536)	(67,536)
Balance, July 31, 2021	3,530,000	303,981	47,231	(67,536)	283,676
Net loss for the period	-	-	-	(5,811)	(5,811)
Balance, October 31, 2021	3,530,000	303,981	47,231	(73,347)	277,865

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

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

(Expressed in Canadian dollars)

	For the Three Months Ended October 31, 2021
	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss for the period	(5,811)
Changes in non-cash working capital items:	
Accounts payable and accrued liabilities related to operating activities	(3,444)
Net cash used in operating activities	(9,255)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments for share issuance costs	(32,803)
Net cash used in financing activities	(32,803)
Change in cash during the period	(42,058)
Cash, beginning of period	330,017
Cash, end of period	287,959

Other cash flow information:

During the three months ended October 31, 2021, the Company paid \$32,803 in share issuance costs which were included in accounts payable and accrued liabilities as at July 31, 2021.

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

FIFE CAPITAL CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

FOR THE THREE MONTHS ENDED OCTOBER 31, 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) and is a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4 (“Policy 2.4”). As a CPC, the Company’s objective is to identify and acquire either operating assets or a business, subject to regulatory approval, that meet the criteria of a Qualifying Transaction as defined by the TSX-V (“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 8.

On July 15, 2021 the Company completed an initial public offering of common shares (the “IPO”) and is listed on the TSX-V under the symbol “FFC.P”.

The Company’s registered office address is Suite 704, 595 Howe Street, Vancouver, BC, and its principal place of business is Suite 1703, 595 Burrard Street, Vancouver, BC.

These condensed interim financial statements were authorized for issue by the Audit Committee and Board of Directors on December 3, 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 identify and complete a Qualifying Transaction.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These unaudited condensed interim financial statements, including comparatives have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standard (“IAS”) 34 “*Interim Financial Reporting*”.

b) Basis of Measurement

These unaudited condensed interim 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 unaudited condensed interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

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FOR THE THREE MONTHS ENDED OCTOBER 31, 2021

(Expressed in Canadian dollars)

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

c) Continuance of Operations

As at October 31, 2021, the Company had cash of \$287,959 which is sufficient to pay \$10,094 in accounts payable and accrued liabilities then outstanding, for its projected operating costs for the next 12 months and 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.

d) Comparative Period Information

The Company was incorporated on September 18, 2020. Certain comparative information is provided as at July 31, 2021, which is the Company's most recent fiscal year-end, but no comparative information is provided for the three months ended October 31, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared according to the same accounting policies and are subject to the same areas of judgement, measurement estimates and uncertainties as those disclosed in Note 3 of the Company's audited financial statements for the period from incorporation on September 18, 2020 to July 31, 2021.

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 and preferred shares without par value. No preferred shares have been issued and changes to the number of common shares outstanding are as follows:

	Number of Shares	Assigned Value
Outstanding, September 18, 2020	-	\$ -
Shares issued	3,530,000	426,000
Share issuance costs	-	(122,019)
Outstanding, July 31, 2021 and October 31, 2021	3,530,000	\$ 303,981

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"). As a CPC, the Seed Shares are held in escrow and will be released ratably over a period up to 18 months following the completion of a Qualifying Transaction.

On July 15, 2021, the Company completed the IPO issuing 2,150,000 of its common shares at a price of \$0.15 per share for gross proceeds of \$322,500. Share issuance costs for the IPO totaled \$122,019 including \$112,646 in cash costs and compensatory warrants with a \$9,373 fair value issued to the IPO agent.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

FOR THE THREE MONTHS ENDED OCTOBER 31, 2021

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

Changes to the Company's stock options outstanding during the three months ended October 31, 2021 and the period from incorporation on September 18, 2020 to July 31, 2021 are as follows:

	Number of Stock Options	Expiry Date	Exercise Price \$
Outstanding and exercisable, September 18, 2020	-	-	-
Options granted	300,000	July 15, 2026	0.15
Outstanding and exercisable, July 31, 2021 and October 31, 2021	300,000	July 15, 2026	0.15

On July 15, 2021, the Company granted 225,000 stock options to directors of the Company. These options have an exercise price of \$0.15 per common share and are exercisable until July 15, 2026 without further vesting conditions. The \$37,858 fair value of these stock options was recorded as a share-based compensation expense and was determined using the Black-Scholes option-pricing model using the following assumptions:

Risk-free interest rate	0.88%
Dividend yield	-
Expected stock price volatility	125%
Expected forfeiture rate	-
Expected life	5.0 years

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.

Changes to the Company's warrants outstanding during the three months ended October 31, 2021 and the period from incorporation on September 18, 2020 to July 31, 2021 are as follows:

	Number of Warrants	Expiry Date	Exercise Price \$
Outstanding, September 18, 2020	-	-	-
Warrants issued	100,000	July 15, 2023	0.15
Outstanding, July 31, 2021 and October 31, 2021	100,000	July 15, 2023	0.15

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(Expressed in Canadian dollars)

5. SHAREHOLDERS' EQUITY (cont'd...)**Equity reserves (cont'd...)***Warrants (cont'd...)*

On July 15, 2021, the Company issued 100,000 warrants for finder's services in connection with the Company's initial public offering. These warrants have an exercise price of \$0.15 per common share and are exercisable until July 15, 2023 without further vesting conditions. The \$9,373 fair value of these warrants was recorded as a share issuance cost and was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	0.44%
Dividend yield	-
Expected stock price volatility	125%
Expected forfeiture rate	-
Expected life	2.0 years

Per share amounts

Weighted average loss per share for the three months ended October 31, 2021 is calculated as follows:

	Three Months Ended October 31, 2021
	\$
Numerator	
Net loss for the period	(5,811)
Denominator	
Weighted average number of common shares outstanding, basic and diluted	3,530,000
Loss per common share, basic and diluted	0.00

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

6. RELATED PARTY TRANSACTIONS

The Company is party to a corporate services agreement with Earlston Management Corp. ("Earlston"), whereby Earlston provides various administrative, management and corporate services to the Company for a fee of \$1,500 per month plus tax and out-of-pocket costs. Earlston is related to the Company by virtue of providing key management services and by having certain directors and officers in common. The Company's expense for administrative and corporate services for the three months ended October 31, 2021 includes \$4,725 in such costs incurred with Earlston of which \$1,575 is included in accounts payable and accrued liabilities as at October 31, 2021 (July 31, 2021 - \$1,575).

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7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at October 31, 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 to 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 October 31, 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 a large Canadian financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at October 31, 2021, the Company had a cash balance of \$287,959 which is sufficient to settle current liabilities of \$10,094 then outstanding and anticipated short-term cash requirements, but that additional funding may be required to meet long-term requirements should a Qualifying Transaction not be completed on a timely basis. 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.

8. CAPITAL MANAGEMENT

In the management of capital, the Company defines capital as its shareholders' equity. As at October 31, 2021, the Company's shareholders' equity was \$277,865. The Company's objectives when managing capital are to maintain a low level of on-going operating costs and to continue as a going concern until a Qualifying Transaction can be completed. The Company's current capital was received from the issuance of common shares (Note 5) and 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. 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.