

FIFE CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended January 31, 2023

(Expressed in Canadian Dollars)

NOTICE TO READER

National Instrument 51-102, Part 4, subsection 4.3 (3) (a) requires that if interim financial statements have not been reviewed by an auditor, a statement to this fact must accompany the interim financial statements.

The accompanying unaudited condensed interim financial statements of Fife Capital Corp. (the “Company”) for the six months ended January 31, 2023 have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity’s auditor.

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

	January 31, 2023	July 31, 2022
	\$	\$
ASSETS		
Current assets		
Cash	220,150	245,837
Total assets	220,150	245,837
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 4 and 6)	1,171	11,027
Total liabilities	1,171	11,027
Shareholders' equity		
Share capital (Note 5)	303,981	303,981
Equity reserves (Note 5)	47,231	47,231
Deficit	(132,233)	(116,402)
Total shareholders' equity	218,979	234,810
Total liabilities and shareholders' equity	220,150	245,837

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 January 31, 2023	Three Months Ended January 31, 2022	Six Months Ended January 31, 2023	Six Months Ended January 31, 2022
	\$	\$	\$	\$
EXPENSES				
Administrative and corporate services (Note 6)	4,725	4,725	9,450	9,450
Transfer agent, shareholder communications, listing and filing fees	486	4,318	4,643	5,327
Professional fees	-	1,130	1,738	1,130
Office and sundry	-	-	-	77
Loss and comprehensive loss for the period	(5,211)	(10,173)	(15,831)	(15,984)
Basic and diluted loss per common share (Note 5)	(0.00)	(0.00)	(0.00)	(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, July 31, 2021	3,530,000	303,981	47,231	(67,536)	283,676
Net loss for the period	-	-	-	(15,984)	(15,984)
Balance, January 31, 2022	3,530,000	303,981	47,231	(83,520)	267,692
Loss for the period	-	-	-	(32,882)	(32,882)
Balance, July 31, 2022	3,530,000	303,981	47,231	(116,402)	234,810
Loss for the period	-	-	-	(15,831)	(15,831)
Balance, January 31, 2023	3,530,000	303,981	47,231	(132,233)	218,979

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)

	Six Months Ended January 31, 2023	Six Months Ended January 31, 2022
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	(15,831)	(15,984)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities related to operating activities	(9,856)	(11,517)
Net cash used in operating activities	(25,687)	(27,501)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Payments for share issuance costs	-	(32,803)
Net cash used in financing activities	-	(32,803)
Change in cash during the period	(25,687)	(42,058)
Cash, beginning of period	245,837	330,017
Cash, end of period	220,150	287,959

Other cash flow information:

During the six months ended January 31, 2022, the Company paid \$32,803 in share issuance costs for an earlier financing.

There were no non-cash investing or financing activities in the six months ended January 31, 2023 or 2022.

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 SIX MONTHS ENDED JANUARY 31, 2023

(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.

The Company’s common shares are traded on the TSX-V under the symbol “FFC.P” and its registered office address is Suite 704, 595 Howe Street, Vancouver, BC.

These financial statements were authorized for issue by the Audit Committee and Board of Directors on March 1, 2023.

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 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 the Company’s functional currency.

FIFE CAPITAL CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

FOR THE SIX MONTHS ENDED JANUARY 31, 2023

(Expressed in Canadian dollars)

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

c) Continuation of Operations

As at January 31, 2023, the Company had cash of \$220,150 which is sufficient to pay \$1,171 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.

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 year ended July 31, 2022.

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 preferred shares without par value of which none have been issued.

The Company is authorized to issue an unlimited number common shares without par value of which 3,530,000 with an assigned value, net of share issuance costs, of \$303,981 were issued and outstanding as at and during the six months ended January 31, 2023 and the year ended July 31, 2022. There were no changes to the number or assigned value of the Company's common shares in either period.

Of the Company's 3,530,000 common shares issued and outstanding, 1,380,000 are held in escrow and will be released ratably over a period up to 18 months following the completion of a Qualifying Transaction.

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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

FOR THE SIX MONTHS ENDED JANUARY 31, 2023

(Expressed in Canadian dollars)

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

There were no changes to the number of stock options outstanding during the six months ended January 31, 2023 or the year ended July 31, 2022 and options outstanding and exercisable as at January 31, 2023 are as follows:

	Number of Stock Options	Expiry Date	Exercise Price
			\$
Outstanding and exercisable	300,000	July 15, 2026	0.15

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.

There were no changes to the number of warrants outstanding during the six months ended January 31, 2023 or the year ended July 31, 2022 and warrants outstanding and exercisable as at January 31, 2023 are as follows:

	Number of Warrants	Expiry Date	Exercise Price
			\$
Outstanding and exercisable	100,000	July 15, 2023	0.15

Per share amounts

Weighted average loss per share is calculated as follows:

	Three Months Ended January 31, 2023	Three Months Ended January 31, 2022	Six Months Ended January 31, 2023	Six Months Ended January 31, 2022
	\$	\$	\$	\$
Numerator				
Net loss for the period	(5,211)	(10,173)	(15,831)	(15,984)
Denominator				
Weighted average number of common shares outstanding, basic and diluted	3,530,000	3,530,000	3,530,000	3,530,000
Loss per common share, basic and diluted	(0.00)	(0.00)	(0.00)	(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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

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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 six months ended January 31, 2023 includes \$9,450 (2022 - \$9,450) in such costs incurred with Earlston of which \$722 is included in accounts payable and accrued liabilities as at January 31, 2023 (July 31, 2022 - \$1,575).

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at January 31, 2023, 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 January 31, 2023, 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 January 31, 2023, the Company had a cash balance of \$220,150 which is sufficient to settle current liabilities of \$1,171 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.

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8. CAPITAL MANAGEMENT

The Company defines capital as its shareholders' equity. As at January 31, 2023, the Company's shareholders' equity was \$218,979. 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.