# TRAIL BLAZER CAPITAL CORP.

Condensed Interim Financial Statements
For the Nine Months Ended December 31, 2021
(Expressed in Canadian Dollars - unaudited)

## NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Trail Blazer Capital Corp. (the “Company”) 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity’s auditor.

**TRAIL BLAZER CAPITAL CORP.**
**Condensed Interim Statements of Financial Position**
(Expressed in Canadian Dollars - unaudited)

| | | As at December 31, 2021 | | As at March 31, 2021 (audited) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash | $ | 1,236,270 | $ | 841,119 |
| Prepaid expenses | | - | | 10,000 |
| **TOTAL ASSETS** | $ | 1,236,270 | $ | 851,119 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Accounts payable | $ | 18,045 | $ | - |
| Accrued liabilities | | - | | 6,000 |
| **TOTAL LIABILITIES** | | 18,045 | | 6,000 |
| **SHAREHOLDERS' EQUITY** | | | | |
| Share capital (Note 5) | $ | 1,231,899 | $ | 854,718 |
| Reserves (Notes 5 and 6) | | 105,783 | | - |
| Deficit | | (119,457) | | (9,599) |
| **TOTAL SHAREHOLDERS' EQUITY** | | 1,218,225 | | 845,119 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | $ | 1,236,270 | $ | 851,119 |

These condensed interim financial statements were authorized for issue by the Board of Directors on February 28, 2022. They are signed on behalf of the Board of Directors by:

*"Grace Marosits"*
Director

*"Thomas O'Neill"*
Director

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

**TRAIL BLAZER CAPITAL CORP.**
**Condensed Interim Statements of Loss and Comprehensive Loss**
(Expressed in Canadian Dollars - unaudited)

| | Three months ended December 31, 2021 | Nine months ended December 31, 2021 |
|---|---|---|
| **EXPENSES** | | |
| General and administrative costs (Note 9) | $ 3,374 | $ 3,374 |
| Professional fees | - | 9,942 |
| Shareholder information and investor relations | 419 | 419 |
| Stock-based compensation (Note 6) | 74,658 | 74,658 |
| Transfer agent, regulatory and filing fees | 782 | 21,465 |
| **NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD** | $ 79,233 | $ 109,858 |
| **Basic and diluted loss per share for the period** | $ 0.01 | $ 0.01 |
| **Weighted average number of common shares outstanding** | 12,771,834 | 12,807,608 |

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

**TRAIL BLAZER CAPITAL CORP.**
**Condensed Interim Statements of Cash Flows**
(Expressed in Canadian Dollars - unaudited)

| | | Nine months ended December 31, 2021 |
|---|---|---|
| **Cash flows provided by (used in):** | | |
| **OPERATING ACTIVITIES** | | |
| **Net loss for the period** | **$** | **(109,858)** |
| **Non-cash items** | | |
| Stock-based compensation | | **74,658** |
| **Net changes in non-cash working capital items** | | |
| Prepaid expenses | | **10,000** |
| Accounts payable and accrued liabilities | | **12,045** |
| **Net cash flows used in operating activities** | | **(13,155)** |
| | | |
| **FINANCING ACTIVITIES** | | |
| Proceeds received from private placements and initial public offering | | **510,000** |
| Share issuance costs | | **(101,694)** |
| **Net cash flows provided by financing activities** | | **408,306** |
| | | |
| **Net increase in cash** | | **395,151** |
| **Cash, beginning of period** | | **841,119** |
| **Cash, end of period** | **$** | **1,236,270** |

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

**TRAIL BLAZER CAPITAL CORP.**
**Condensed Interim Statements of Changes in Shareholders' Equity**
(Expressed in Canadian Dollars - unaudited)

| | Number of shares | | Amount | | Reserves | | Deficit | | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at March 31, 2021** | **9,900,000** | **$** | **854,718** | **$** | **-** | **$** | **(9,599)** | **$** | **845,119** |
| Shares issued for private placements (Note 5) | 100,000 | | 10,000 | | - | | - | | 10,000 |
| Shares issued in initial public offering (Note 5) | 5,000,000 | | 500,000 | | - | | - | | 500,000 |
| Share issuance costs (Note 5) | - | | (132,819) | | 31,125 | | - | | (101,694) |
| Stock-based compensation (Note 6) | - | | - | | 74,658 | | - | | 74,658 |
| Net loss and comprehensive loss for the period | - | | - | | - | | (109,858) | | (109,858) |
| **Balance at December 31, 2021** | **15,000,000** | **$** | **1,231,899** | **$** | **105,783** | **$** | **(119,457)** | **$** | **1,218,225** |

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

## 1. NATURE OF OPERATIONS

Trail Blazer Capital Corp. (the “Company” or “Trail Blazer”) was incorporated under the British Columbia Business Corporations Act on January 6, 2021. The Company’s registered office is located at Suite 409 – 221 West Esplanade, North Vancouver, BC, V7M 3J3. The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (“Exchange”). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by the exercising of an option or by any other eligible transaction. The purpose of an acquisition is to satisfy the related conditions of a Qualifying Transaction (“QT”) under the Exchange rules. Trail Blazer commenced trading on the Exchange on November 16, 2021, under the trading symbol of “TBLZ.P”.

On November 12, 2021, the Company completed its first initial public offering by issuing 5,000,000 common shares at a price of $0.10 per share for total gross proceeds of $500,000 (Note 5).

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the Company’s ability to obtain additional financing. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation under the policies of the Exchange. In addition, the Company is expected to incur losses for the foreseeable future. These events and circumstances may cast doubt as to the Company’s ability to continue as a going concern. However, management believes that funding will be available to the Company, when required, and cash on hand as at December 31, 2021 is sufficient funds to operations for the next twelve months. Accordingly, management believes the going concern risk is mitigated.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The COVID-19 pandemic has not, to date, affected the Company in any material respect as it does not carry on any active business. However, the pandemic and the associated health restrictions may negatively affect the Company’s ability to perform due diligence on a potential QT, as quickly or efficiently as may have otherwise been the case.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, using accounting policies consistent with the 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 presentation

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 (“FVTPL”), 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.

### (c) Presentation and functional currency

The presentation and functional currency of the Company is the Canadian dollar. All amounts in these financial statements are expressed in Canadian dollars, unless otherwise indicated.

### (d) Significant accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions about the future and to exercise judgment in applying the Company’s accounting policies. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. The impacts of changes to estimates are recognized in the period estimates are revised and in future periods affected. The critical judgments and assumptions made by management and other major sources of measurement uncertainty are discussed in Note 4.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the Company’s audited financial statements for the period from inception on January 6, 2021 to March 31, 2021 and have been consistently followed in the preparation of these condensed interim financial statements. Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company’s financial statements.

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Significant accounting judgments

The critical judgments apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements are as follows:

*Going concern*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions management has made about the future and other major sources of estimation uncertainty at the date of the statement of financial position that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

*Income taxes*

The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

As at December 31, 2021, the Company has not recognized any deferred tax assets for deductible temporary differences. Changes in any of the above-mentioned estimates can materially affect the amount of income tax assets recognized. In addition, where applicable tax laws and regulations are either unclear or subject to varying interpretations, changes in these estimates can occur that materially affect the amounts of income tax assets recognized. The Company reassesses unrecognized income tax assets at the end of each reporting period.

## 5. SHARE CAPITAL

### a) Authorized

Unlimited number of common shares without par value.

### b) Issued

As at December 31, 2021, there were 15,000,000 (March 31, 2021 – 9,900,000) common shares issued and outstanding.

On May 26, 2021, the Company issued 100,000 common shares at a price of $0.10 per share for total gross proceeds of $10,000.

On November 12, 2021, the Company issued 5,000,000 common shares at a price of $0.10 per share on the completion of a prospectus offering for gross proceeds of $500,000. The Company incurred cash share issuance costs of $101,694 in connection with the offering. In addition, 500,000 finder's common share purchase warrants valued at $31,125 using the Black-Scholes Option Pricing Model were issued where each warrant is exercisable into one common share at a price of $0.10 at any time up to 36 months from the issuance date (Note 6).

(Expressed in Canadian Dollars - unaudited)

## 6. OPTIONS AND WARRANTS

### a) Options

During the nine months ended December 31, 2021, Trail Blazer granted 1,000,000 stock options to its management and directors. Each stock option is exercisable into one common share of the Company at a price of $0.10 per common share at any time prior to the date that is five years from the grant date.

The Black-Scholes option pricing model inputs for options granted during the nine months ended December 31, 2021, are as follows:

| Grant Date | Expiry Date | Share Price at Grant Date | Exercise Price | Risk-Free Interest Rate | Expected Life | Volatility Factor | Dividend Yield | Fair Value |
|---|---|---|---|---|---|---|---|---|
| 12-Nov-2021 | 12-Nov-2026 | $0.10 | $0.10 | 1.56% | 5 | 100% | Nil | $0.07 |

The risk-free rate is based on the Canadian government bond rate for a similar term as the expected life of the stock options. The forfeiture rate assumption and the annualized volatility are based on comparable companies' historical results and historical share prices.

Total expenses arising from stock-based compensation recognized during the nine months ended December 31, 2021, were $74,658.

The Company has a stock option plan whereby a maximum of 10% of the issued and outstanding commons shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The terms of the granted options are fixed by the Board of Directors and are not to exceed ten years. The exercise price of options is determined by the Board of Directors but shall not be less than the closing price of the Company's common shares on the day preceding the day on which the options are granted, less any discount permitted by the Exchange.

Options granted under the plan may vest immediately on grant, or over a period as determined by the Board of Directors or, in respect of options granted for investor relations services, as prescribed by Exchange policy.

A continuity schedule of the Company's outstanding stock options for the nine months ended December 31, 2021, are as follows:

| | December 31, 2021 | |
|---|---|---|
| | **Number outstanding** | **Weighted average exercise price** |
| **Outstanding, beginning of period** | - | $ - |
| Granted | 1,000,000 | 0.10 |
| **Outstanding and exercisable, end of period** | 1,000,000 | $ 0.10 |

At December 31, 2021, the Company had outstanding stock options exercisable to acquire common shares of the Company as follows:

| Expiry date | Options outstanding | Exercise price | Weighted average remaining contractual life (in years) |
|---|---|---|---|
| November 12, 2026 | 1,000,000 | $ 0.10 | 4.87 |

(Expressed in Canadian Dollars - unaudited)

## 6. OPTIONS AND WARRANTS, continued

### b) Warrants

The fair value of common share purchase warrants issued during the nine months ended December 31, 2021, was estimated at the date of issuance using the following Black-Scholes option pricing model inputs:

| Grant Date | Expiry Date | Share Price at Grant Date | Exercise Price | Risk-Free Interest Rate | Expected Life | Volatility Factor | Dividend Yield | Fair Value |
|---|---|---|---|---|---|---|---|---|
| 12-Nov-2021 | 12-Nov-2024 | $0.10 | $0.10 | 1.56% | 3 | 100% | Nil | $0.06 |

A continuity schedule of the Company's outstanding common share purchase warrants for the nine months ended December 31, 2021, is as follows:

| | December 31, 2021 | |
|---|---|---|
| | **Number outstanding** | **Weighted average exercise price** |
| **Outstanding, beginning of period** | - | $ - |
| Granted | 500,000 | 0.10 |
| **Outstanding and exercisable, end of period** | 500,000 | $ 0.10 |

At December 31, 2021, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

| Expiry date | Options outstanding | Exercise price | Weighted average remaining contractual life (in years) |
|---|---|---|---|
| November 12, 2024 | 500,000 | $ 0.10 | 2.87 |

## 7. MANAGEMENT OF CAPITAL

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the identification and evaluation of a QT and continue as a going concern. The Company's capital includes the components of its shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds may be required to finance the Company's QT. In accordance with Policy 2.4 of the Exchange, the proceeds raised by the Company from the issuance of share capital may only be used to identify and evaluate assets of business for future investment, with the exception that no more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Company and $210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenditures of the Company. These restrictions apply until the completion of a QT by the Company as defined under the policies of the Exchange.

## 8. FINANCIAL INSTRUMENTS

### a) Categories of financial instruments and fair value measurements

The Company's financial assets and liabilities are classified as follows:

| | | December 31, 2021 | | March 31, 2021 |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| ***Fair value through profit and loss*** | | | | |
| Cash | $ | 1,236,270 | $ | 841,119 |
| | | | | |
| **Financial liabilities:** | | | | |
| ***Amortized cost*** | | | | |
| Accounts payable | $ | 18,045 | $ | - |

The fair values of the Company's accounts payable approximate their carrying amounts due to the short-term nature of these instruments.

### b) Fair value information

The fair values of the Company's cash approximate their carrying amounts due to the short-term nature of these instruments.

IFRS 7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that reflects the significance of inputs used in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 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 for the asset or liability that are not based on observable market data (unobservable inputs).

At December 31, 2021, the Company had no financial assets measured and recognized on the statement of financial position at fair value belonging in Level 2 or Level 3 of the fair value hierarchy.

### c) Management of financial risks

The Company's financial instruments expose the Company to certain financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk.

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. At December 31, 2021, the Company was exposed to credit risk on its cash. The Company holds its cash balance with a highly rated Canadian financial institution, therefore minimizing the Company's credit risk.

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining adequate cash and managing its capital and expenditures.

At December 31, 2021, the Company had cash of $1,236,270 and accounts payable and accrued liabilities of $18,045. The Company had sufficient cash to meet its current liabilities at December 31, 2021.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk as at December 31, 2021.

*Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies. As at December 31, 2021, the Company had no exposure to foreign currency risk, as all of the balances are denominated in Canadian dollars. The Company assessed its financial currency risk as low as at December 31, 2021.

(Expressed in Canadian Dollars - unaudited)

## 9. RELATED PARTY TRANSACTIONS

The Company's related parties consist of its key management personnel, including its directors and officers.

During the normal course of business, the Company enters into transactions with its related parties that are considered to be arm's length transactions and made at normal market prices and on normal commercial terms.

Remuneration attributed to key management compensation for the three and nine months ended December 31, 2021, can be summarized as follows:

| | Three Months Ended December 31, 2021 | Nine Months Ended December 31, 2021 |
|---|---|---|
| Stock-based compensation | $ 74,658 | $ 74,658 |
| Consulting fees | 3,150 | 3,150 |
| Total | $ 77,808 | $ 77,808 |

For the three and nine months ended December 31, 2021, the Company incurred share-based payments of $74,658 in both periods related to stock options granted to officers and directors of the Company.

For the three and nine months ended December 31, 2021, the Company incurred consulting fees of $3,150 in both periods paid to a company controlled by a close family member of one of its directors. These fees are included in general and administrative costs on the condensed interim statements of loss and comprehensive loss.