CIC CAPITAL LTD.

Financial Statements

Years Ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITORS' REPORT

To the Shareholders of CIC Capital Ltd.

Opinion

We have audited the financial statements of CIC Capital Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has negative cash flow from operations during the year ended December 31, 2019 and, as of that date, the Company has a working capital deficit of $20,187 and an accumulated deficit of $2,370,829. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Prospectus, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors’ report is Lonny Wong.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

September 14, 2020

CIC CAPITAL LTD.

Statements of financial position
(Expressed in Canadian dollars)

	December 31, 2019 $	December 31, 2018 $ (Restated – Note 11)
Assets		
Current assets		
Cash	12	–
Marketable securities (Note 3)	287,493	–
Accounts receivable	10,305	–
Contract assets	8,235	–
Total assets	306,045	–
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	155,399	147,066
Corporate taxes payable	99,327	–
Contract liabilities (Note 8)	71,506	–
Convertible debt (Note 4)	–	2,212,604
Total current liabilities	326,232	2,359,670
Shareholders' deficit		
Share capital	1,040,770	1,040,770
Share subscriptions receivable (Note 6)	(326,838)	(326,838)
Equity portion of convertible debt	1,186,990	1,186,990
Accumulated other comprehensive income	449,720	482,250
Deficit	(2,370,829)	(4,742,842)
Total shareholders' deficit	(20,187)	(2,359,670)
Total liabilities and shareholders' deficit	306,045	–

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on September 14, 2020:

/s/ "Stuart Bromley"
Stuart Bromley, Director

/s/ "Robert Rhodes"
Robert Rhodes, Director

(The accompanying notes are an integral part of these financial statements)

CIC CAPITAL LTD.
Statements of operations and comprehensive loss
(Expressed in Canadian dollars)

	Year ended December 31, 2019 $	Year ended December 31, 2018 $ (Restated – Note 11)
Revenues (Note 8)	715,507	620,000
Expenses		
Bad debts	30,913	–
Consulting fees	41,145	–
General and administrative	24,500	25,949
Management fees (Note 5)	109,547	–
Professional fees	22,314	–
Rent	17,321	–
Travel	39,277	–
Total expenses	285,017	25,949
Income before other income (expense)	430,490	594,051
Other income (expense)		
Foreign exchange loss	(7,956)	–
Loss on sale of marketable securities (Note 3)	(510)	–
Unrealized loss on marketable securities (Note 3)	(198,053)	–
Write-off of accounts payable	–	224,636
Write-off of convertible debt (Note 4)	2,247,369	–
Total other income (expense)	2,040,850	224,636
Income before income taxes	2,471,340	818,687
Income tax expense (Note 10)	(99,327)	–
Net income for the year	2,372,013	818,687
Other comprehensive income (loss)		
Foreign currency translation loss	(32,530)	(85,554)
Comprehensive income for the year	2,339,483	733,133
Earnings per share, basic and diluted	0.05	0.01
Weighted average number of shares outstanding	51,712,188	51,712,188

(The accompanying notes are an integral part of these financial statements)

CIC CAPITAL LTD.
Statements of changes in equity
(Expressed in Canadian dollars)

	Share capital		Share subscriptions receivable	Equity portion of convertible debt	Accumulated other comprehensive income	Deficit	Total shareholders' deficit
	Number of shares	Amount $	$	$	$	$	$
Balance, December 31, 2017	51,712,188	1,040,770	(326,838)	1,186,990	567,804	(5,561,529)	(3,092,803)
Foreign currency translation loss	–	–	–	–	(85,554)	–	(85,554)
Net income for the year	–	–	–	–	–	818,687	818,687
Balance, December 31, 2018 (Restated – Note 11)	51,712,188	1,040,770	(326,838)	1,186,990	482,250	(4,742,842)	(2,359,670)
Foreign currency translation loss	–	–	–	–	(32,530)	–	(32,530)
Net income for the year	–	–	–	–	–	2,372,013	2,372,013
Balance, December 31, 2019	51,712,188	1,040,770	(326,838)	1,186,990	449,720	(2,370,829)	(20,187)

(The accompanying notes are an integral part of these financial statements)

CIC CAPITAL LTD.
Statements of cash flows
(Expressed in Canadian dollars)

	Year ended December 31, 2019 $	Year ended December 31, 2018 $
		(Restated – Note 11)
Operating activities		
Net income for the year	2,372,013	818,687
Items not involving cash:		
Loss on sale of marketable securities	510	–
Marketable securities received for revenue earned	(488,700)	–
Revenue earned offset against convertible debt	–	(620,000)
Unrealized loss on marketable securities	198,053	–
Write-off of accounts payable	–	(224,636)
Write-off of convertible debt	(2,247,369)	–
Changes in non-cash operating working capital:		
Accounts receivable	(10,305)	–
Contract assets	(8,235)	–
Accounts payable and accrued liabilities	–	17,713
Corporate taxes payable	99,327	–
Contract liabilities	71,506	–
Net cash used in operating activities	(13,200)	(8,236)
Investing activities		
Proceeds from sale of marketable securities	2,644	–
Net cash provided by investing activities	2,644	–
Effect of foreign exchange rate changes on cash	10,568	8,236
Increase in cash	12	–
Cash, beginning of year	–	–
Cash, end of year	12	–

(The accompanying notes are an integral part of these financial statements)

1. Nature of Operations and Continuance of Business

CIC Capital Ltd. ("CIC Capital" or the "Company") was incorporated on December 13, 2003 in the Republic of Seychelles ("Seychelles"). On March 26, 2019, the Company continued into British Columbia, Canada and ceased to be a Seychelles corporation.

The Company provides corporate, financial, technical, strategic, advisory, and consulting services to organizations, including advice on listing client entities on equity markets.

Subsequent to year end, on March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company is not currently determinable, but management continues to monitor the situation.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended December 31, 2019, the Company has negative cash flow from operations. As at December 31, 2019, the Company has a working capital deficit of $20,187 and an accumulated deficit of $2,370,829. The continued operations of the Company are dependent on its ability to generate future cash flows from its operations or obtain additional financing. Although management intends to secure additional financing as required, there can be no assurance that management will be successful in its efforts to secure additional financing or that it will ever develop a self-supporting business. These factors may cast significant doubt on the Company`s ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. Significant Accounting Policies

(a) Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board on a going concern basis.

These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

(b) Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the collectability of accounts receivable.

The Company assesses revenue contracts to determine whether they contain multiple deliverables.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

2. Significant Accounting Policies (continued)

(c) Application of New IFRS

The Company has adopted IFRS 16, Leases, (“IFRS 16”) which is effective for annual periods beginning on or after January 1, 2019.

IFRS 16 specifies how to recognize, measure, present, and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The adoption of IFRS 16 did not have a material impact on the Company’s consolidated financial statements.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(e) Foreign Currency Translation

The Company’s reporting currency is the Canadian dollar. The functional currency is the British pound. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the statement of financial position date. Non-monetary assets, liabilities and items recorded in the statement of operations arising from transactions denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the statement of operations.

The accounts of the Company are translated to Canadian dollars using the current rate method. Accordingly, assets and liabilities are translated into Canadian dollars at the period-end exchange rate while revenue and expenses are translated at the average exchange rates during the period. Related exchange gains and losses are included in a separate component of shareholders’ equity as accumulated other comprehensive income.

(f) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss (“FVTPL”) or amortized cost.

The Company has made the following classifications:

Cash	Amortized cost
Marketable securities	FVTPL
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible debt	Amortized cost

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

2. Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2. Significant Accounting Policies (continued)

(g) Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(h) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. Significant Accounting Policies (continued)

(i) Revenue Recognition

The Company determines the amount of revenue to be recognized through application of the following steps:

- Identification of the contract, or contracts with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Company satisfied the performance obligations.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the revenue standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For financial advisory and consulting services revenue, the performance obligation is met when the work is performed.

Revenue Service Types

The Company provides corporate and financial advisory services under fixed-price and variable-price contracts. Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services.

Disaggregation of Revenues

The Company disaggregates its revenue from contracts with customers by revenue source, contract duration, and timing of transfer of services. Please refer to Note 8 for disaggregated revenue information.

Contract Assets and Liabilities

Contract assets include directly related recoverable costs that are used to satisfy performance obligations to customers in the future. These amounts are included in contract assets in the statement of financial position. As at December 31, 2019, the Company has $8,235 (2018 - $nil) in contract assets. Contract liabilities include unbilled costs and are included in the statement of financial position. Please refer to Note 8 for the details of contract liabilities.

(j) Earnings Per Share

Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted earnings per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

2. Significant Accounting Policies (continued)

(k) Comprehensive Income

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations. Comprehensive income includes foreign exchange translation gains and losses.

(l) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2019, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Marketable Securities

As at December 31, 2019, the Company held 930,000 common shares of Intosol Holdings Plc ("Intosol"), a publicly traded company, with a fair value of $287,493. 940,000 common shares with a fair value of $488,700 were received in 2019 in exchange for advisory services provided. The fair value of shares held was determined by reference to public price quotations in an active market. During the year ended December 31, 2019, the Company sold 10,000 common shares of Intosol for proceeds of $2,644 and recognized a loss on sale of marketable securities of $510. During the year ended December 31, 2019, the Company recorded an unrealized loss of $198,053.

4. Convertible Debt

As at December 31, 2019, the amount of $nil (2018 - $2,212,604 (£1,268,768)) is owed to a company with common officers and directors and is convertible into common shares of the Company at a price of £0.06 per share. The amount of $2,247,369 was forgiven in 2019.

5. Related Party Transactions

(a) During the year ended December 31, 2019, the Company earned revenue of $nil (2018 - $620,000) from a company with common officers and directors. The revenue amount was offset against the convertible debt owing. Refer to Note 4.

(b) During the year ended December 31, 2019, the Company incurred management fees of $109,547 (2018 - $nil) to the Chief Executive Officer of the Company.

6. Share Capital

Authorized: Unlimited common shares without par value

(a) As at December 31, 2019 and 2018, the Company has share subscriptions receivable of $326,838 which is to be received upon the Company becoming publicly listed.

(b) On July 28, 2018, the Company effected a 10-for-1 share consolidation of its issued and outstanding common shares. All share amounts were retroactively restated for all periods presented.

7. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets and liabilities measured at fair value on a recurring basis are presented on the Company's statement of financial position as of December 31, 2019 as follows:

	Fair value measurements using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance as at December 31, 2019 $
Assets:				
Marketable securities	287,493	–	–	287,493

The fair values of other financial instruments, which include accounts receivable, accounts payable and accrued liabilities, and convertible debt, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. Foreign exchange risk arises from purchase transactions. As at December 31, 2019 and 2018, the Company is not exposed to significant currency risk as it did not have material assets or liabilities held in currencies other than its functional currency.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. The Company is not exposed to significant interest rate risk.

(Expressed in Canadian dollars)

7. Financial Instruments and Risk Management (continued)

(e) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to price risk with its marketable securities.

8. Revenues

A breakdown of the revenues is presented below:

	Years ended December 31, 2019 $	2018 $
Financial advisory and consulting services	715,507	620,000
Timing of revenue recognition		
At a point in time	715,507	620,000
Over time	–	–
	715,507	620,000

For the year ended December 31, 2019, revenues of $710,495 are derived from two external customers (2018 – revenues of $620,000 are derived from a single external customer).

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized. As at December 31, 2019, the Company has contract liabilities of $71,506 (2018 - $nil). The Company expects to recognize this amount as revenue in 2020.

9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash, marketable securities, and equity comprised of issued share capital and equity portion of convertible debt.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2018.

(Expressed in Canadian dollars)

10. Income Taxes

Income tax expense for the year ended December 31, 2019 differs from that calculated by applying statutory rates for the following reasons:

	2019 $
Income before income taxes	2,471,340
Combined federal and provincial income tax rate	27%
Income tax expense at statutory rate	667,262
Tax effect of:	
Temporary differences for which no deferred tax income asset has been recognized	53,474
Net income not taxable as a Seychelles corporation prior to move to Canada	(621,409)
Income tax expense	99,327

The Company continued into British Columbia, Canada and ceased to be a Seychelles corporation on March 26, 2019. The Company was not subject to corporate taxes as a Seychelles corporation.

11. Restatement

The Company has restated its financial statements as at December 31, 2018 and for the year then ended to recognize revenue of $620,000 which is offset against the convertible debt owing. The Company also adjusted equity to reflect share subscriptions receivable for previously issued common shares.

The impact of the restatement as at December 31, 2018 and for the year then ended is summarized below:

Statement of financial position as at December 31, 2018:

	As reported $	Adjustment $	As restated $
Current liabilities			
Convertible debt	2,832,604	(620,000)	2,212,604
Total Liabilities	2,979,670	(620,000)	2,359,670
Shareholders' deficit			
Share capital	713,932	326,838	1,040,770
Share subscriptions receivable	–	(326,838)	(326,838)
Deficit	(5,362,842)	620,000	(4,742,842)
Total shareholders' deficit	(2,979,670)	620,000	(2,359,670)
Total liabilities and shareholders' deficit	–	–	–

(Expressed in Canadian dollars)

11. Restatements (continued)

Statement of operations and comprehensive loss for the year ended December 31, 2018:

	As reported $	Adjustment $	As restated $
Revenue	–	620,000	620,000
Net income for the year	198,687	620,000	818,687
Comprehensive income for the year	113,133	620,000	733,133
Earnings per share, basic and diluted	–	0.01	0.01

Statement of changes in equity for the year ended December 31, 2018:

	As reported $	Adjustment $	As restated $
Share capital	713,932	326,838	1,040,770
Deficit	(5,362,842)	620,000	(4,742,842)
Total shareholders' deficit	(2,979,670)	620,000	(2,359,670)

Statement of cash flows as of December 31, 2018:

	As reported $	Adjustment **$**	As restated $
Operating activities			
Net income for the year	198,687	620,000	818,687
Items not involving cash:			
Revenue earned offset against convertible debt	–	(620,000)	(620,000)
Net cash used in operating activities	(8,236)	–	(8,236)