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**1246773 B.C. LTD.**

**INTERIM FINANCIAL STATEMENTS**

**FROM INCEPTION ON APRIL 8, 2020 TO THE PERIOD ENDED SEPTEMBER 30, 2020**

(Expressed in Canadian Dollars)

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### **Notice of No Auditor Review**

These unaudited condensed interim financial statements have not been reviewed by the auditors of the Corporation. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

**1246773 B.C. LTD.**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

	Note	September 30, 2020
<b>ASSETS</b>		
Current assets		
Cash		\$ -
<b>Total assets</b>		<b>\$ -</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities		\$ 778
Due to related parties	3	36,542
		<b>37,320</b>
<b>SHAREHOLDER'S DEFICIT</b>		
Share capital	4	300
Deficit		(37,620)
		<b>(37,320)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>\$ -</b>

Nature of operations and going concern (Note 1)

**Approved and authorized on behalf of the Board of Directors on November 13, 2020**

Director James Ward (signed)

Director Matt Zabloski (signed)

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

**1246773 B.C. LTD.**  
**INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	Three months ended September 30, 2020	From April 8, 2020 (date of incorporation) to September 30, 2020
<b>EXPENSES</b>		
Professional fees	\$ 14,078	\$ 36,973
Regulatory and transfer agent fees	647	647
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ (14,725)</b>	<b>\$ (37,620)</b>
<b>NET LOSS PER SHARE – BASIC AND DILUTED</b>	<b>\$ (0.005)</b>	<b>\$ (0.013)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	<b>3,000,000</b>	<b>3,000,000</b>

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

**1246773 B.C. LTD.****INTERIM STATEMENT OF CHANGES IN SHAREHOLDER DEFICIT**

From inception on April 8, 2020 to the period ended September 30, 2020

(Expressed in Canadian Dollars)

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	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Deficit</b>	<b>Total</b>
Issued for cash at inception on April 8, 2020	3,000,000	\$ 300	\$ -	300
Net and comprehensive loss for the period	-	-	(37,620)	(37,620)
Balance, September 30, 2020	3,000,000	\$ 300	\$ (37,620)	(37,620)

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

**1246773 B.C. LTD.****INTERIM STATEMENT OF CASH FLOWS**

From inception on April 8, 2020 to the period ended September 30, 2020

(Expressed in Canadian Dollars)

		<b>From April 8, 2020 (date of incorporation) to period ended September 30, 2020</b>
Operating activities:		
Net loss for the period	\$	(37,620)
Changes in non-cash working capital related to operations:		
Accounts payable and accrued liabilities		778
Net cash used in operating activities		(36,842)
Financing activity:		
Shares issued for cash		300
Advances from related parties		36,542
Net cash provided by financing activity		36,842
Increase in cash during the period		-
Cash – beginning of the period		-
Cash – end of the period	\$	-

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

## **1246773 B.C. LTD.**

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS**

From inception on April 8, 2020 to the period ended September 30, 2020

(Expressed in Canadian Dollars)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

1246773 B.C. Ltd. (“the Company” or “773 BC”) was incorporated under the Business Corporations Act of British Columbia on April 8, 2020. The Company is engaged in the exploration and development of mineral properties in Canada. The Company’s head office is located at 1200 Waterfront Centre, 200 Burrard Street, Vancouver, BC, V6C 3L6.

On June 25, 2020, 773 BC’s parent company, 2583262 Ontario Inc. (“2583262”), announced that it will go through a statutory plan of arrangement (the “Plan”) involving its eight (8) wholly-owned subsidiaries. The Plan will involve, among other things, the distribution of common shares of 773 BC to current shareholders of 2586232 on the basis of one hundred thousand (100,000) 773 BC common shares per outstanding common share of the 2583262.

On July 24, 2020, 2583262 completed the Plan thereby resulting in the Company being spun out and becoming a non-listed reporting issuer.

These interim financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. As at September 30, 2020, the Company had accumulated a loss of \$37,620 since its inception. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of corporate overhead. These factors indicate material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to discharge its liabilities in the normal course of business. Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

In addition, the Company began operations after the World Health Organization categorized COVID-19 as a pandemic. Financial markets around the world have been extremely volatile due to events and conditions resulting from this pandemic and as a result, the volatility could also impact the Company’s ability to continue its operations as a going concern.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Statement of compliance**

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRIC’s”) as issued by the International Accounting Standards Board (“IASB”). These financial statements were approved by the board of directors for issue on November 13, 2020.

##### **b) Basis of presentation**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

##### **c) Foreign currencies**

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

d) Financial instruments

*Recognition and classification*

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial asset debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

*Measurement*

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

## 1246773 B.C. LTD.

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

From inception on April 8, 2020 to the period ended September 30, 2020  
(Expressed in Canadian Dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### d) Financial instruments (continued)

#### *Derecognition*

#### Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

#### Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

### e) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares and warrants are classified as equity instruments.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering proceeds between common shares and share purchase warrants using the residual value method, wherein the fair value of the common shares is based on the value ascribed to the shares issued and the balance, if any, is allocated to the attached warrants.

### f) Loss per share

Basic loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive. Contingently releasable escrow common shares are excluded from the calculation of weighted average number of common shares outstanding.

## 3. RELATED PARTY TRANSACTIONS

As at September 30, 2020, the Company has \$36,542 in related party liabilities owing to 2583262 for reimbursable expenses incurred on behalf of the Company.

## 4. SHARE CAPITAL

a) Authorized – Unlimited common shares without par value.

b) Issued and outstanding – 3,000,000 common shares

## **5. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is currently dependent on 2583262 as its primary source of operating capital.

## **6. FINANCIAL INSTRUMENTS**

For financial instruments held by the Company, management classifies cash as FVTPL, and accounts payable and accrued liabilities as amortized cost.

### a) Fair value of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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 or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at September 30, 2020, the Company believes that the carrying values of accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations. The fair value of cash is based on level 1 inputs of the fair value hierarchy.

### b) Management of risks arising from financial instruments

Discussions of risks associated with financial assets and liabilities are detailed below:

#### Credit risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The credit risk related to cash is considered minimal.

#### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company has no interest-bearing financial instruments.

#### Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. As at September 30, 2020, the Company does not have sufficient cash to settle liabilities as they come due. The company is exposed to liquidity risk.

## **1246773 B.C. LTD.**

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS**

From inception on April 8, 2020 to the period ended September 30, 2020

(Expressed in Canadian Dollars)

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#### **7. SUBSEQUENT EVENTS**

On October 30, 2020, Medalist Capital Ltd. (“Medalist”) announced that it has sold (the “Sale”) the following shares to B. Keast Family Holdings Inc. (“BKF”), R. Keast Family Holdings Inc. (“RKF”) and SFH Inc. (together with BKF and RKF, the “Purchasers”) pursuant to a share purchase agreement entered into between Medalist and each Purchaser on October 29, 2020: 2,715,000 common shares of 1246764 B.C. Ltd., 1,500,000 common shares of 1246765 B.C. Ltd., 1,500,000 common shares of 1246768 B.C. Ltd., 1,500,000 common shares of 1246773 B.C. Ltd., 1,500,000 common shares of 1246775 B.C. Ltd., 1,500,000 common shares of 1246777 B.C. Ltd., 1,500,000 common shares of 1246778 B.C. Ltd., and 1,500,000 common shares of 1246779 B.C. Ltd. (collectively, the “Subject Shares”). The Subject Shares were sold for an aggregate price of \$136,012.50. The common shares of 1246764 B.C. Ltd. were sold at a price \$0.05 per share and all other Subject Shares were sold at a price of \$0.00003 per share. As a result of the Sale, Medalist now holds nil common shares in each of 1246764 B.C. Ltd., 1246765 B.C. Ltd., 1246768 B.C. Ltd., 1246773, B.C. Ltd., 1246775 B.C. Ltd., 1246777 B.C. Ltd., 1246778 B.C. Ltd. and 1246779 B.C. Ltd. (collectively, the “Subject Entities”).

On November 2, 2020, the Company announced that on October 30, 2020, it closed a non-brokered private placement of 3,150,000 common shares at a purchase price of \$0.05 per common share for gross proceeds of \$157,500 (the “Offering”). The Common Shares issued in connection with the Offering are subject to a statutory hold period of four months plus one day from the date of completion of the Offering, in accordance with applicable securities legislation.