

CANEX ENERGY CORP.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED APRIL 30, 2019

Independent Auditor's Report

To the Shareholders of Canex Energy Corp.

Opinion

We have audited the financial statements of Canex Energy Corp. ("the Company"), which comprise the statements of financial position as at April 30, 2019 and April 30, 2018 and the statements of operations and comprehensive loss, changes in deficit 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 April 30, 2019 and April 30, 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 audit 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 to the financial statements which describes the material uncertainty 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.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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 identified above 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.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 auditor's report is Diana Huang.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
August 9, 2019**

CANEX ENERGY CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	As at April 30, 2019	As at April 30, 2018
	\$	\$
ASSETS		
Current assets		
Cash	194,091	63,545
GST receivables	1,735	139
Prepaid expenses	15,000	-
Total current assets	210,826	63,684
Total assets	210,826	63,684
LIABILITIES AND DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities (Note 5 & 6)	875,295	581,203
Notes payable (Note 6)	120,000	120,000
	995,295	701,203
Equity (Deficit)		
Capital stock (Note 4)	5,038,428	4,792,978
Reserves (Note 4)	50,255	50,255
Deficit	(5,873,152)	(5,480,752)
Total deficit	(784,469)	(637,519)
Total liabilities and deficit	210,826	63,684

Nature and continuance of operations (Note 1)

Approved and authorized on August 9, 2019 on behalf of the Board:

“SHERMAN DAHL”
Director

“ROSS MCELROY”
Director

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

CANEX ENERGY CORP.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the year ended April 30, 2019	For the year ended April 30, 2018
	\$	\$
EXPENSES		
Consulting fees (Note 5)	348,000	404,333
Filing fees	15,781	15,828
Interest expense (Note 6)	4,749	4,750
Office and administration	9,668	7,524
Professional fees	14,202	19,449
Share-based payments (Notes 4 & 5)	-	50,255
Loss and comprehensive loss for the year	(392,400)	(502,139)
Basic and diluted loss per common share	\$ (0.16)	\$ (0.23)
Weighted average number of common shares outstanding	2,502,603	2,181,212

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

CANEX ENERGY CORP.
STATEMENTS OF CHANGES IN DEFICIT
(Expressed in Canadian Dollars)

	Capital stock		Reserves	Deficit	Total equity (deficit)
	Shares	Amount			
		\$	\$	\$	\$
Balance, April 30, 2017	2,181,212	4,792,978	-	(4,978,613)	(185,635)
Stock options granted	-	-	50,255	-	50,255
Loss and comprehensive loss for the year	-	-	-	(502,139)	(502,139)
Balance, April 30, 2018	2,181,212	4,792,978	50,255	(5,480,752)	(637,519)
Balance, April 30, 2018	2,181,212	4,792,978	50,255	(5,480,752)	(637,519)
Private placement	1,923,077	250,000	-	-	250,000
Share issuance cost	-	(4,550)	-	-	(4,550)
Loss and comprehensive loss for the year	-	-	-	(392,400)	(392,400)
Balance, April 30, 2019	4,104,289	5,038,428	50,255	(5,873,152)	(784,469)

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

CANEX ENERGY CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the Year Ended April 30, 2019	For the Year Ended April 30, 2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(392,400)	(502,139)
Non-cash items:		
Share-based payments	-	50,255
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(1,596)	3,910
Increase in prepaid	(15,000)	
Increase in accounts payable and accrued liabilities	294,092	437,274
Net cash flows used in operating activities	(114,904)	(10,700)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from private placement	250,000	35,000
Share issuance cost	(4,550)	-
Proceeds from notes payable	-	25,000
Net cash flows provided by financing activities	245,450	60,000
Change in cash for the year	130,546	49,300
Cash, beginning of year	63,545	14,245
Cash, end of year	194,091	63,545
Cash paid for interest	-	-

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Canex Energy Corp. (the “Company” or “Canex”) was incorporated under the *Business Corporations Act* (British Columbia) on September 20, 2006. The registered address, head office, principal address and records office of the Company are located at 605-815 Hornby Street, Vancouver, British Columbia, V6Z 2E6.

On January 8, 2019, the Company entered into a non-binding letter of intent (the “LOI”) with Choom Holdings Inc. (“Choom”) dated December 31, 2018 whereby Canex will purchase Island Green Cure Ltd. and Medi-Can Health Solutions Inc., both wholly owned subsidiaries of Choom with applications under the Access to Cannabis for Medical Purposes Regulations and their related leasehold interests. A definitive agreement could not be reached by the Company and Choom, and the LOI expired and automatically terminated on May 8, 2019.

As of February 9, 2018, the Company is listed on NEX Board and is currently seeking new business opportunities. The trading symbol of the Company is CSC.H. The NEX Board is a separate board of the TSX Venture Exchange for companies previously listed on the TSX Venture Exchange.

Going concern of operations

These financial statements are 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 for the foreseeable future. As at April 30, 2019, the Company has had significant losses and has a working capital deficiency of \$784,469 (April 30, 2018 - \$637,519 deficiency). In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. As such, there is a material uncertainty that raises significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

The financial statements of the Company for the year ended April 30, 2019 are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the International Financial Interpretations Committee (“IFRIC”).

These financial statements were authorized for issue by the Board of Directors on August 9, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of significant accounting judgments and critical accounting estimates

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the ability of the Company to continue as a going concern.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

- a) *Deferred income taxes* - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractor and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock and operations pro-rata. If the shares are not issued, the costs will be charged to operations.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Flow-through shares

The Company finances a portion of its exploration activities through financings in which flow-through common shares are issued. These shares transfer the tax deductibility of qualifying resource expenditures to investors. At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through commitment") as follows:

- Capital stock;
- Warrant reserve; and
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature.

As qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period). Additionally, the Company reverses the liability for the flow-through share premium to other income as the expenses are incurred.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the current and prior fiscal year this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

Provision for environmental rehabilitation

The Company recognizes the fair value of a liability for the provision for environmental rehabilitation in the year in which it is incurred when a reliable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense through profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. As at April 30, 2019, there was no material provision for environmental rehabilitation.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in reserves is transferred to deficit. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment based on the fair market value of when the shares are issued. Otherwise, share-based payments are measured at the fair value of goods or services received.

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive (loss) income (“FVOCI”), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of 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 (including all equity derivative instruments) 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 FVOCI. 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 the Company has opted to measure them at FVTPL.

Measurement

i. Financial assets and liabilities at FVTPL and FVOCI

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. 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 the statements of net (loss) income 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 (loss) income. The Company recognizes marketable securities at FVTPL. Elected investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income.

ii. Financial assets and liabilities at amortized cost

A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL, are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

iii. Impairment of financial assets at amortized cost

The Company recognizes a forward-looking basis on the expected credit losses (“ECL”) model on financial assets that are measured at amortized cost, contract assets and debt instruments carried at FVOCI.

At each reporting date, the Company measures the ECL 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 ECL for the financial asset at an amount equal to twelve month expected credit losses. The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for trade receivables.

The Company recognizes in the statement of net (loss) income, 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. The loss allowance was \$nil as at April 30, 2019.

CANEX ENERGY CORP.
NOTES TO THE FINANCIAL STATEMENTS
 (Expressed in Canadian Dollars)
 FOR THE YEAR ENDED APRIL 30, 2019

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification (measurement) under IAS 39	New classification under IFRS 9
Cash	Fair value through profit or loss (FVTPL)	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities (Amortized cost)	Amortized cost
Notes payable	Other financial liabilities (Amortized cost)	Amortized cost

New accounting standards and amendments to existing standards

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's April 30, 2019 reporting period:

IFRS 16 – Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, *Leases*. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. The Company is currently assessing the impact of this standard but has not yet determined the extent of the impact.

IFRS 16 is applicable to the Company's annual period beginning on May 1, 2019.

4. CAPITAL STOCK AND RESERVES

a) Authorized

Unlimited number of common shares, without par value.

b) Share issuances

On February 28, 2019, the Company closed its previously announced non-brokered private placement and is issuing a total of 1,923,077 units at a price of \$0.13 per unit for an aggregate of \$250,000. Each Unit comprised one common share and one common share purchase warrant. Each whole warrant will entitle the holder to acquire an additional common share at a price of \$0.17 for a period of 24 months from the closing date.

During the year ended April 30, 2018:

- i) There was no share issuance activity during this period.

c) Stock options

The Company follows the policies of the TSX-V under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the then issued and outstanding common stock of the Company. Under the policies, the exercise price of each shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the TSX-V to a minimum of \$0.10 per share. The options can be granted for a maximum term of ten years.

On June 2, 2017, the Company granted 200,000 stock options to various officers, directors and consultants. The options are exercisable at \$0.40 per share and expire three years from date of grant. The weighted average fair value of \$0.25 per stock option was determined using the Black-Scholes option pricing model using the following assumptions: share price on grant date of \$0.38, expected life of stock option of 3 years, volatility of 111.48%, annual rate of dividends of 0.00% and a risk free rate of 0.83%. Annualized volatility is estimated using the historical stock price of the Company.

Stock option transactions and the number of share options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price \$
Balance, April 30, 2017	-	-
Granted	200,000	0.40
Balance, April 30, 2018	200,000	0.40
Granted	-	-
Balance, April 30, 2019 (expiring June 2, 2020)	200,000	0.40

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, April 30, 2017 and 2018	-	-
Issued	1,923,077	0.17
Balance, April 30, 2019 (expiring February 28, 2021)	1,923,077	0.17

5. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel.

CANEX ENERGY CORP.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEAR ENDED APRIL 30, 2019

	April 30, 2019	April 30, 2018
	\$	\$
Consulting	348,000	397,000
Share-based payments	-	38,319
	348,000	435,319

As at April 30, 2019, \$760,787 was owing to related parties for expenses incurred on behalf of the Company. As at April 30, 2018, \$445,787 was owing to related parties for unpaid service fees. All amounts payable to related parties are unsecured, non-interest bearing and due on demand.

See Note 6 for additional related party disclosure.

6. NOTES PAYABLE

As at April 30, 2018 and April 30, 2019

On August 10, 2017, the Company entered into a \$5,000 promissory note with the Chief Executive Officer of the Company. The promissory note is interest free, unsecured, and due on demand.

On August 16, 2017, the Company entered into a \$10,000 promissory note with a current director of the Company. The promissory note is interest free, unsecured, and due on demand.

On August 17, 2017, the Company entered into a \$10,000 promissory note with a former director of the Company. The promissory note is interest free, unsecured, and due on demand.

On July 21, 2016, the Company entered into a \$10,000 promissory note with a private company controlled by the former Chief Financial Officer of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand. \$1,388 (2018 - \$888) in interest payable has been included in accounts payable and accrued liabilities.

On July 26, 2016, the Company entered into a \$25,000 promissory note with significant shareholder of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand. \$3,452 (2018 - \$2,202) in interest payable has been included in accounts payable and accrued liabilities.

On July 26, 2016, the Company entered into a \$10,000 promissory note with a Chief Executive Officer of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand. \$1,381 (2018 - \$881) in interest payable has been included in accounts payable and accrued liabilities.

On July 27, 2016, the Company entered into a \$25,000 promissory note with significant shareholder of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand. \$3,449 (2018 - \$2,199) in interest payable has been included in accounts payable and accrued liabilities.

On November 22, 2016, the Company entered into a \$25,000 promissory note with private company controlled by a former director of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand. \$3,044 (2018 - \$1,794) in interest payable has been included in accounts payable and accrued liabilities.

7. FINANCIAL INSTRUMENTS AND RISKS

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying values of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2019, the Company had a cash balance of \$194,091 (April 30, 2018 - \$63,545) to settle current liabilities of \$995,295 (April 30, 2018- \$701,203). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company will need to raise money through debt or equity issuances.

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 commodity and equity prices. Such fluctuations may be significant. The Company's notes payable have fixed interest rate.

a) *Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

b) *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in a foreign currency. As at April 30, 2019, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) *Price risk*

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

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8. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from prior year.

9. DEFERRED INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	April 30, 2019	April 30, 2018
	\$	\$
Loss before income taxes	(392,400)	(502,139)
Corporate tax rate	27%	26.33%
Income tax recovery at statutory rates	(105,948)	(132,230)
Permanent differences	-	13,234
Effect of tax rate changes	-	(53,090)
True up	-	41,386
Change in tax benefits not recognized	105,948	130,700
	-	-

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	April 30, 2019	April 30, 2018
	\$	\$
Non-capital loss carry forwards	744,000	633,000
Cumulative exploration and development expenses	822,000	822,000
Share issuance costs	1,000	5,000
	1,567,000	1,460,000
Unrecognized deferred tax assets	(1,567,000)	(1,460,000)
Net deferred tax assets	-	-

At April 30, 2019, the Company has non-capital losses of approximately \$2,754,000 (2018 - \$2,345,000) which may be available to offset future income for income tax purposes. These losses expire on various years from 2029 to 2039. In addition, there are resource-related expenditures of approximately \$3,046,000 (2018 - \$3,046,000) which may be used to offset future taxable resource income indefinitely, subject to annual rates prescribed by the Canadian Income Tax Act.

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Deferred tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements.