

JESSY VENTURES CORP.

(A Capital Pool Company)

Financial Statements

For the Year Ended April 30, 2021

(Expressed in Canadian dollars)



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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Jessy Ventures Corp.

Opinion

We have audited the accompanying financial statements of Jessy Ventures Corp. (the "Company"), which comprise the statements of financial position as at April 30, 2021 and 2020 and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 incurred a net loss of \$35,710 during the year ended April 30, 2021 and, as of that date, the Company's total deficit was \$158,056. As stated in Note 1, these events and 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.

Other Information

Management is responsible for the other information. The other information comprises the Management 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 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, we 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 IFRS, 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 Melyssa Charlton.

A handwritten signature in cursive script that reads "Charlton & Company". The signature is written in dark ink on a light-colored background.

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
August 25, 2021

JESSY VENTURES CORP.
(A Capital Pool Company)
 Statements of Financial Position
 (Expressed in Canadian dollars)

As at,	April 30, 2021	April 30, 2020
	\$	\$
Assets		
Current assets		
Cash (Note 4)	137,791	171,808
Total assets	137,791	171,808
Liabilities		
Current liability		
Accounts payable and accrued liabilities (Note 6)	10,829	9,136
Shareholders' equity		
Share capital (Note 5)	245,118	245,118
Reserves (Note 5)	39,900	39,900
Deficit	(158,056)	(122,346)
Total shareholders' equity	126,962	162,672
Total liabilities and shareholders' equity	137,791	171,808

Nature and continuance of operations (Note 1)
 Subsequent event (Note 11)

Approved and authorized for issuance on behalf of the Board of Directors on August 25, 2021 by:

"Simon Dyakowski"

Simon Dyakowski, Director

"Anthony Zelen"

Anthony Zelen, Director

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

JESSY VENTURES CORP.**(A Capital Pool Company)**Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the years ended,	April 30, 2021	April 30, 2020
	\$	\$
Expenses		
Bank fees and interest	164	334
Filing fees	16,469	42,349
Office and administrative	-	395
Professional fees (Note 6)	19,077	42,926
Stock-based compensation	-	29,500
Loss and comprehensive loss for the year	(35,710)	(115,504)
Loss per share, basic and diluted (Note 7)	(0.02)	(0.10)
Weighted average shares outstanding, basic and diluted (Note 7)	2,000,000	1,120,219

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

JESSY VENTURES CORP.**(A Capital Pool Company)**

Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	<u>Share capital</u>				Total
	Number of	Amount	Reserves	Deficit	shareholders'
	shares				equity
		\$	\$	\$	\$
Balance, April 30, 2019	2,000,000	100,000	-	(6,842)	93,158
Initial public offering	2,000,000	200,000	-	-	200,000
Agents commission	-	(20,000)	-	-	(20,000)
Agents warrants	-	(10,400)	10,400	-	-
Other share issuance costs	-	(24,482)	-	-	(24,482)
Stock-based compensation	-	-	29,500	-	29,500
Loss for the year	-	-	-	(115,504)	(115,504)
Balance, April 30, 2020	4,000,000	245,118	39,900	(122,346)	162,672
Balance, April 30, 2020	4,000,000	245,118	39,900	(122,346)	162,672
Loss for the year	-	-	-	(35,710)	(35,710)
Balance, April 30, 2021	4,000,000	245,118	39,900	(158,056)	126,962

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

JESSY VENTURES CORP.
(A Capital Pool Company)
Statement of Cash Flows
(Expressed in Canadian dollars)

For the years ended	April 30, 2021	April 30, 2020
	\$	\$
Cash flows from operating activities		
Loss for the year	(35,710)	(115,504)
Stock-based compensation	-	29,500
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	1,693	3,136
Net cash used in operating activities	(34,017)	(82,868)
Cash flows from financing activities		
Initial public offering	-	200,000
Agent's cash commissions	-	(20,000)
Share issuance costs	-	(24,482)
Net cash provided by financing activities	-	155,518
Change in cash	(34,017)	72,650
Cash, beginning of year	171,808	99,158
Cash, end of year	137,791	171,808

During the years ended April 30, 2021 and 2020, the Company made cash payments of \$nil for interest and taxes.

Supplemental disclosure with respect to cash flows (Note 10).

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

JESSY VENTURES CORP.

(A Capital Pool Company)

Notes to the Financial Statements

For the Year Ended April 30, 2021

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Jessy Ventures Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on November 21, 2018. The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO”) on the TSX Venture Exchange (“Exchange”) as a Capital Pool Corporation (“CPC”) as defined in Policy 2.4 of the Exchange. The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Company has not commenced operations and has no assets other than cash. The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein within 24 months of listing on the Exchange. Such an acquisition will be subject to the approval of the regulatory authorities concerned and in the case of a non-arms’ length transaction, of the majority of the minority shareholders.

On October 8, 2019, the Company completed its IPO on the Exchange raising gross proceeds of \$200,000 through the issuance of 2,000,000 common shares at \$0.10 per common share. The Company’s common shares were approved for listing on the Exchange and commenced trading effective October 10, 2019 under the symbol “SARG.P”.

As required by the TSX-V for CPC’s, the Company did not complete a qualifying transaction within 24 months of listing and the common shares were suspended from trading until such time that the Company has acquired an interest in a material asset or business or until the Company adopts the new rules and the TSX-V’s revised CPC program.

The registered and head office of the Company is located at 605 – 815 Hornby Street, Vancouver, BC, V6Z 2E6.

Going Concern

These financial statements have been prepared on the 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. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at April 30, 2021, the Company had a working capital of \$126,962 (2020 – \$162,672) and has an accumulated deficit of \$158,056 (2020 - \$122,346). The Company has not generated any revenues from operations and during the year ended April 30, 2021 incurred a loss of \$35,710 (2020 - \$115,504). The Company expects to incur further losses in the development of its business. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. These circumstances comprise a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. As a result, these financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

In March 2020, the World Health Organization declared the coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. As at April 30, 2021, the Company has not been significantly impacted by the on-going pandemic. However, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and the effects it may have on the Company’s business or results of operations in the future.

JESSY VENTURES CORP.

(A Capital Pool Company)

Notes to the Financial Statements

For the Year Ended April 30, 2021

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Preparation

The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements.

Judgments

- i) The measurement of deferred income tax assets and liabilities.
- ii) The evaluation of the Company's ability to continue as a going concern.

Estimations

- i) The fair value of share-based compensation.
- ii) The fair value of warrant compensation.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards within the framework of the significant accounting policies described below:

JESSY VENTURES CORP.

(A Capital Pool Company)

Notes to the Financial Statements

For the Year Ended April 30, 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

i) Financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

At present, the Company classifies all financial assets as held at amortized cost.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its financial assets:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.
- **Fair value through OCI (FVOCI):** Debt instruments that are held for collection of contractual cash flows and for selling the debt instruments, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the debt instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these debt instruments is included as finance income using the effective interest rate method. As of April 30, 2021, the Company does not have any financial assets held at FVOCI.

JESSY VENTURES CORP.

(A Capital Pool Company)

Notes to the Financial Statements

For the Year Ended April 30, 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of loss and comprehensive loss in the period in which it arises.

ii) Financial liabilities

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: where the Company optionally designates financial liabilities at FVTPL the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

At present, the Company classifies all of its financial liabilities as held at amortized cost. These financial liabilities are classified as current liabilities as the payment is due within 12 months.

Related parties

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. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Share capital and share issuance costs

Costs directly attributable to the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Share-based compensation

The Company may grant 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.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be reliably measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

JESSY VENTURES CORP.

(A Capital Pool Company)

Notes to the Financial Statements

For the Year Ended April 30, 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

Warrants

Warrants issued to agents in connection with a financing are recorded at fair value using the Black-Scholes option pricing model and charged as share issuance costs associated with the offering with an offsetting credit to share-based payment and warrants reserve.

Proceeds of the exercise of these warrants are credited to share capital together with the corresponding amount, if any, of the original warrant charge included in share-based payment and warrants reserve.

Deferred Taxes

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

In assessing the recoverability of deferred tax assets other than deferred tax assets resulting from the initial recognition of assets and liabilities that do not affect accounting or taxable profit, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

As the Company is a CPC with no operations, enough evidence is not yet available to determine if the Company will be able to recognize its deferred tax assets. As at April 30, 2021 and 2020, the deferred tax assets have not been recognized in the Company's Statement of Financial Position.

(Loss) Earnings Per Share

Basic (loss) earnings per share is calculated by dividing net (loss) earnings by the weighted average number of common shares outstanding during the period which excludes shares held in escrow. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. All seed shares are considered contingently cancellable until the Company completes a Qualifying Transaction and, accordingly, are not considered to be outstanding shares for the purposes of the loss per share calculation. These will remain contingently cancellable until the Company formally transitions to the revised TSX-V Exchange rules for CPCs.

JESSY VENTURES CORP.

(A Capital Pool Company)

Notes to the Financial Statements

For the Year Ended April 30, 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

As at April 30, 2021 and 2020, the Company does not have any leases.

New accounting standards interpretations issued and applicable but not yet adopted

IAS 1 –Presentation of Financial Statements (“IAS 1”), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023, with early application permitted. The Company is currently assessing the impact of this amendment.

4. CASH RESTRICTION

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4.

JESSY VENTURES CORP.

(A Capital Pool Company)

Notes to the Financial Statements

For the Year Ended April 30, 2021

(Expressed in Canadian dollars)

5. SHARE CAPITAL

Authorized share capital

Unlimited common shares, without par value.

Share issuances

For the year ended April 30, 2021

No share capital activity.

For the year ended April 30, 2020

On October 8, 2019, the Company completed its IPO of 2,000,000 common shares at a price of \$0.10 per share for total proceeds of \$200,000. Share issuance costs for the IPO totalled \$54,882 comprising agent's cash commission of \$20,000, and other related cash fees totalling \$24,482. Additionally, the Company issued 200,000 broker warrants with a \$10,400 fair value.

The issued and outstanding seed common shares are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates 6, 12, 18, 24, 30 and 36 months following the Initial Release. All common shares acquired on the exercise of stock options granted to directors, officers and non-employees prior to the completion of a qualifying transaction must also be deposited in escrow until the Final Exchange Bulletin is issued. In addition, all common shares of the Company acquired in the secondary market prior to the completion of a qualifying transaction by any person or company who becomes a control person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Company held by principals of the resulting issuer will also be escrowed. As at April 30, 2021, 2,000,000 common shares were held in escrow.

Equity Reserves

Stock options

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase its common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the closing of the IPO, exercisable for a period of up to ten years from the date of grant. The vesting conditions, if any, for stock options granted are determined at the discretion of the Company's Board of Directors. In addition, no stock option granted pursuant to this section may be exercised before the completion of the Qualifying Transaction unless the optionee agrees in writing to deposit the shares acquired into escrow until the issuance of the Final Exchange Bulletin.

On October 8, 2019, the Company granted 400,000 stock options to officers and directors with an exercise price of \$0.10 per share. These options vest immediately and expire five years from the date of issuance. The fair value of these stock options granted was determined to be \$29,500 using the Black-Scholes valuation model and the following inputs: i) exercise price \$0.10, ii) stock price \$0.10, iii) volatility: 99%, iv) risk free rate: 1.29%. These options have a weighted average life remaining of 3.44 years, and are the only options issued and outstanding.

JESSY VENTURES CORP.

(A Capital Pool Company)

Notes to the Financial Statements
For the Year Ended April 30, 2021
(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

Warrants

On October 8, 2019, the Company granted 200,000 warrants to certain brokers as compensation for the IPO financing with an exercise price of \$0.10 per share. These options vest immediately and expire two years from the date of issuance. The fair value of these stock options granted was determined to be \$10,400 using the Black-Scholes valuation model and the following inputs: i) exercise price \$0.10, ii) stock price \$0.10, iii) volatility: 99%, iv) risk free rate: 1.44%. These warrants have a weighted average life remaining of 0.44 years, and are the only warrants issued and outstanding.

6. TRANSACTIONS WITH RELATED PARTIES

Related parties are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the year ended April 30, 2021, the Company incurred \$7,950 in professional fees from an officer of the Company (2020 - \$4,650). There was \$2,625 owing to related parties at April 30, 2021, (2020 - \$1,500 owing) for professional fees.

During the year ended April 30, 2020, the Company incurred \$5,250 in professional fees from a company, of which a former director is a partner of.

7. LOSS PER SHARE

In accordance with the Company's accounting policy, weighted average number of shares outstanding excludes shares held in escrow. The Company's shares outstanding as at April 30, 2021, includes 2,000,000 shares held in escrow and which, pursuant to Policy 2.4 of the Exchange, are contingently cancellable pending the completion of a Qualifying Transaction. As a result, these shares have been excluded from the calculations of basic and diluted loss per share.

8. TAX LOSSES

A reconciliation of income taxes at statutory tax rates with the reported taxes is as follows:

	April 30, 2021	April 30, 2020
Loss for the year	\$ (35,710)	\$ (115,504)
Statutory tax rate	27.00%	27.00%
Expected recovery of income taxes	(10,000)	(31,186)
Permanent differences	-	7,965
Change in other items	1,000	-
Change in unrecognized deductible temporary differences	9,000	23,221
Deferred income tax recovery	\$ -	\$ -

JESSY VENTURES CORP.

(A Capital Pool Company)

Notes to the Financial Statements

For the Year Ended April 30, 2021

(Expressed in Canadian dollars)

8. TAX LOSSES (continued)

The significant components of the Company's deferred tax assets that have not been included on the statements of financial position are as follows:

	April 30, 2021		April 30, 2020	
Non-capital loss carry forwards	\$	37,000	\$	26,000
Share issuance costs		4,000		5,000
Unrecognized deferred tax assets	\$	41,000	\$	31,000

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	April 30, 2021		April 30, 2020	
Temporary differences	\$		\$	
Share issuance costs	15,000	2025	20,000	2025
Non-capital losses available for future periods	138,000	2039 to 2041	101,000	2039 to 2040

Tax attributes are subject to review, and potential adjustment, by tax authorities.

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes share capital in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in Note 4.

Fair Values of Financial Instruments

As at April 30, 2021, the Company's financial instruments consist of cash and accounts payable and accrued liabilities.

Level 1– fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

JESSY VENTURES CORP.

(A Capital Pool Company)

Notes to the Financial Statements

For the Year Ended April 30, 2021

(Expressed in Canadian dollars)

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. As at April 30, 2021 and 2020, the Company did not have any financial instruments classified at FVTPL.

The Company's financial instruments, consisting of cash, and accounts payable and accrued liabilities, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligation resulting in financial loss to the Company. Credit risk is primarily related to the Company's cash. To minimize this risk, cash has been placed with a major Canadian financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. As at April 30, 2021, the Company had accounts payable and accrued liabilities of \$10,829 (2020 - \$9,136) due within 12 months and had cash of \$137,791 (2020 - \$171,808) to meet its current obligations. As a result, the Company has minimal liquidity risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments. The Company's activities have only been transacted in Canadian dollars since incorporation; in addition, the Company carries no interest-bearing debt. As such, the Company has minimal market risks facing it at present.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Non-cash investing and financing activities for the year ended April 30, 2021 were \$nil.

Non-cash investing and financing activities for the year ended April 30, 2020 included:

- Issued 200,000 broker warrants with a fair value of \$10,400 which were recorded to share capital and reserves.

11. SUBSEQUENT EVENT

Subsequent to April 30, 2021, the Company closed a non-brokered private placement of 2,718,332 common shares issued at a price of \$0.09 per common share for gross proceeds of \$244,650. Of the shares issued, 1,500,000 were escrow shares and 1,218,332 were non-escrowed shares.