

Metron Capital Corp.

Interim Financial Statements

For the three months ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)
(Unaudited)

Notice to Reader

These condensed interim financial statements of Metron Capital Corp. have been prepared by management and approved by Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

Metron Capital Corp.
Condensed Interim Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)

	<i>Note</i>	August 31, 2019	May 31, 2019
Assets			
Current assets			
Cash		\$ 5,149	\$ 17,177
Receivable	4	5,331	5,078
Prepaid expenses	5	-	17,500
		\$ 10,480	\$ 39,755
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 28,332	\$ 25,008
		28,332	25,008
Equity			
Common shares	7	1,473,959	1,473,959
Share-based payment reserves	7	55,350	55,350
Deficit		(1,547,161)	(1,514,562)
		(17,852)	14,747
		\$ 10,480	\$ 39,755
Going concern	1		
Subsequent event	11		

Approved and authorized on behalf of the Board of Directors on October 28, 2019:

“Gurminder Sangha”

“Jurgen Wolf”

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

Metron Capital Corp.
Condensed Interim Statements of Comprehensive Loss
(Unaudited - expressed in Canadian Dollars)

		Three months ended August 31,	
	<i>Note</i>	2019	2018
Expenses			
Accounting and audit fees		\$ 1,250	\$ 5,775
Consulting fees		17,500	129,336
Exploration and evaluation expenditures	6	-	44,622
Legal fees		10,000	-
Management fees	8	-	39,000
Office and administrative		67	1,836
Shareholder communications		3,782	2,454
Travel		-	543
		(32,599)	(223,566)
Net loss and comprehensive loss for the period		\$ (32,599)	\$ (223,566)
Basic and diluted loss per share		\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding		20,733,928	20,733,928

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

Metron Capital Corp.
Condensed Interim Statements of Changes in Equity

(Unaudited - expressed in Canadian Dollars)

	<i>Note</i>	Number of shares	Share capital	Share-based payment reserve	Deficit	Total Shareholder's Equity
Balance, May 31, 2018		20,733,928	\$ 1,473,959	\$ 55,350	\$ (1,198,476)	\$ 330,833
Net loss and comprehensive loss for the year		-	-	-	(223,566)	(223,566)
		20,733,928	\$ 1,473,959	\$ 55,350	\$ (1,422,042)	\$ 107,267
Balance, May 31, 2019		20,733,928	1,473,959	55,350	(1,514,562)	14,747
Net loss and comprehensive loss for the year		-	-	-	(32,599)	(32,599)
Balance, May 31, 2019		20,733,928	\$ 1,473,959	\$ 55,350	\$ (1,547,161)	\$ (17,852)

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

Metron Capital Corp.
Condensed Interim Statements of Cash Flows
(Unaudited - expressed in Canadian Dollars)

	May 31,	
	2019	2018
Operating activities		
Net loss	\$ (32,599)	\$ (223,566)
Changes in non-cash working capital items:		
Receivables	(253)	19,336
Prepaid expenses	17,500	-
Accounts payable and accrued liabilities	3,324	100,597
	(12,028)	(103,633)
Investing activities		
Exploration and evaluation asset acquisitions	-	(10,000)
	-	(10,000)
Net decrease in cash	(12,028)	(113,633)
Cash, beginning	17,177	332,697
Cash, ending	\$ 5,149	\$ 219,064

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

1. Nature and continuance of operations

Metron Capital Corp. (the "Company") is a Canadian company incorporated under the laws of the Province of British Columbia on March 4, 2008. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the symbol MCN.

The corporate head office of the Company is located at Suite 1206, 588 Broughton Street, Vancouver, BC, V6G 3E3.

The Company is an exploration stage business engaged in the acquisition and exploration of mineral properties located in Canada and the US.

These unaudited condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. If the going concern assumption is not appropriate for these unaudited condensed interim financial statements then adjustments would be necessary to the carrying amount of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used. During the period ended August 31, 2019, the Company experienced operating losses and negative operating cash flows with the operations of the Company having been primarily funded by the issuance of share capital. The Company expects to incur further losses in the development of its business, all of which cast significant doubt about the Company's ability to continue as a going concern.

On September 19, 2019, the Company entered into a letter of intent, pursuant to which the Company will acquire all of the issued and outstanding shares in the capital of Ineo Solutions Inc., formerly Flashgate Technology Inc. ("Ineo"), through a reverse takeover transaction ("Transaction"). Upon completion of the Transaction, Ineo will become a wholly-owned subsidiary of the Company and the resulting issuer will carry on the business previously carried on by Ineo.

Pursuant to the letter of intent, the Company will complete a consolidation of its outstanding common shares to reduce its number of outstanding common shares from 20,733,928 pre-consolidation shares to 12,798,721 post-consolidation shares. In exchange for all of the outstanding securities of Ineo, the Company will issue to the existing Ineo shareholders 19,626,409 post-consolidation shares and options to purchase an additional 175,830 post-consolidation shares at \$0.0888 per post-consolidation share; prior to or concurrent with the closing of the transaction, Ineo shall complete a private placement of subscription receipts at a price of CAD\$0.35 per subscription receipt for a minimum amount of aggregate gross proceeds of CAD\$3,000,000, with each subscription receipt exchangeable for no additional consideration to acquire one post-consolidation share in the capital of the resulting issuer. The resulting issuer may pay finder's fees or broker's commissions in connection with the financing.

The completion of the transaction is subject to conditions, including but not limited to the execution of a definitive agreement, mutual due diligence of the parties, and the approval of all regulatory bodies having jurisdiction in connection with the Transaction including the TSX Venture Exchange.

2. Significant accounting policies and basis of preparation

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as at the date the Board of Directors approved these interim financial statements for issue.

These unaudited condensed interim financial statements do not include all of the information and disclosures required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited annual financial statements for the year ended May 31, 2019.

These financial statements were approved by the board of directors for issue on October 28, 2019.

2. Significant accounting policies and basis of preparation (continued)

Basis of preparation

These unaudited condensed interim financial statements, prepared in conformity with IAS 34, follow the same accounting policies and methods of computation as the most recent audited annual financial statements.

3. New standards, interpretations and amendments issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of August 31, 2019, and have not been applied in preparing these financial statements.

i) New standard IFRS 16 - Leases

This new standard was issued with the objective to recognize all leases on the balance sheet. IFRS 16 requires lessees to recognize a "right of use" asset and a lease liability calculated using a prescribed methodology. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. The Company does not expect the adoption of this standard to have any effect on its financial statements.

Other recent accounting pronouncements that have no material impact to the Company are not included above.

4. Receivables

	August 31, 2019	May 31, 2019
Amounts due from the Government of Canada pursuant to GST input tax credits	\$ 5,331	\$ 5,078

5. Prepaid Expenses

	August 31, 2019	May 31, 2019
Prepayments for services	\$ -	\$ 17,500

6. Exploration and evaluation assets

South Big Smoky

On December 2, 2016, the Company entered into an option agreement ("Option Agreement") with Ultra Lithium Inc. ("Ultra") to acquire a 100% interest in 100 mineral claims comprising the South Big Smoky Property (the "South Big Smoky") by making certain cash payments, share issuances and exploration expenditures.

On May 31, 2018, the Company and Ultra amended the Option Agreement ("Amended Option Agreement") for due dates of certain cash payments, share issuances and exploration expenditures.

On October 23, 2019, the Company and Ultra mutually agreed to terminate the Amended Option Agreement by the Company making a payment to Ultra in the amount of \$10,000, after which both parties are released from the agreement with no further obligation by either party (Note 11).

Exploration and evaluation expenditures included in the loss for the three months ended August 31, 2019 and 2018 are as follows:

	Three months ended August 31, 2019	2018
Nevada		
South Big Smoky		
Geological and geophysical	-	23,622
Claim maintenance fees	-	21,000
Total	\$ -	\$ 44,622

6. Accounts payable and accrued liabilities

	August 31, 2019	May 31, 2019
Trade payables	\$ 4,587	\$ 1,263
Accrued liabilities	8,000	8,000
Amounts due to related parties (Note 9)	15,745	15,745
	\$ 28,332	\$ 25,008

7. Share capital

a) Authorized

The Company has unlimited number of common and preferred shares authorized, without par value.

b) Issued share capital

The Company had 20,733,928 common shares issued and outstanding as at August 31, 2019 and May 31, 2019.

The Company did not have any share issuances for the three month periods ended August 31, 2019 and August 31, 2018.

c) Options

The Company has adopted a stock option plan which allows the Company to issue options to certain directors, officers, employees and consultants of the Company to acquire up to 10% of the issued and outstanding common stock. Under the policies of the TSX-V, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years. Stock options granted under the plan vest immediately subject to vesting terms which may be imposed at the discretion of the directors.

As at August 31, 2019 and May 31, 2019, there were no options outstanding.

d) Share purchase warrants

As at August 31, 2019 and May 31, 2019, there were no share purchase warrants outstanding.

e) Share-based payment reserve

Share-based payment reserve includes the accumulated fair value of share-based compensation and warrants.

8. Related party transactions and key management compensation

Related party transactions

The Company incurred the following related party transactions during the period ended August 31, 2019 and 2018:

	Three months ended August 31,	
	2019	2018
Management fees - includes key management personnel compensation	\$ -	\$ 44,775

The Company's related parties include companies with directors and officers owned in whole or in part by executive officers and directors.

Key management includes the Company's directors and officers, who hold positions in the Company, that result in these officers and directors having control or significant influence over the financial and operating policies of the Company. This includes the Company's directors, Chief Executive Officers and the Chief Financial Officer.

8. Related party transactions and key management compensation

There were no standard compensation arrangements, or other arrangements in addition to or in lieu of standard arrangements, under which the officers and directors of the Company were compensated for services in their capacity as officers and directors (including any additional amounts payable for committee participation or special assignments), or for services as consultants or experts.

Related party balances

An amount of \$15,475 for expenses incurred on behalf of the Company, is owed to officers and directors and is included in accounts payable and accrued liabilities at August 31, 2019 and May 31, 2019 (Note 7).

9. Financial instruments and risk management

The Company's risk exposure and impact on the Company's financial instruments are summarized below:

a) 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. The Company is not subject to significant credit risk on cash as it is held on deposit with credit worthy financial institutions.

b) Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its working capital position.

Cash resources, repayment obligations and spending plans are monitored and actions are taken with the objective of ensuring that there is sufficient capital in order to meet short-term business requirements. To facilitate its expenditure program, funds are raised primarily through investment equity financing. Adequate liquidity is anticipated to fund its financial liabilities through future equity contributions.

As at August 31, 2019, financial liabilities were comprised of accounts payable which have a maturity of less than one year.

c) Market risk

i) Interest rate risk

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

ii) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

iii) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rate. The Company is not exposed to foreign currency exchange risk.

d) Fair value

The recorded value of the Company's financial assets and liabilities approximate their fair values due to their demand nature and their short term to maturity.

e) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company does not expect any material movements in the underlying market risk variables over a three-month period.

9. Financial instruments and financial risk management (continued)

Classification

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

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.

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

Cash is valued using quoted market prices and has been included in Level 1 of the fair value hierarchy.

10. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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 the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash held by the Company.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company does not have sufficient capital resources to carry out all of its obligations and, accordingly, will attempt to raise additional capital when necessary. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

11. Subsequent event

On October 23, 2019, the Company and Ultra mutually agreed to terminate the Big Smoky Option Agreement by the Company making a payment to Ultra in the amount of \$10,000, after which both parties are released from the agreement with no further obligation by either party (Note 6).