

DISCOVERY ONE INVESTMENT CORP.

Condensed Financial Statements

For the three and six months ending October 31, 2018

Expressed in Canadian Dollars

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

DISCOVERY ONE INVESTMENT CORP.

Condensed Statement of Financial
Position (Unaudited)
(Expressed in Canadian Dollars)
As at

	October 31, 2018	April 30, 2018
Assets		
Cash	\$ 1,260,682	\$ 447,215
Accrued Interest	704	-
GST receivable	1,434	419
Prepaid expenses	-	15,000
	\$ 1,262,820	\$ 462,634
Liabilities and Shareholders' Equity		
Accrued liabilities	\$ 17,637	\$ 35,000
Shareholders' equity		
Share capital (Note 4)	1,271,368	472,000
Reserve for equity settled share-based transactions (Note 4)	283,885	-
Accumulated deficit	(310,070)	(44,366)
Total equity	1,245,183	427,634
Total equity and liabilities	\$ 1,262,820	\$ 462,634

Nature of operations (Note 1)

Approved on behalf of the board of directors:

"Len W. Brownlie"
Len W. Brownlie, Director

"Chris McLeod"
Chris McLeod, Director

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

DISCOVERY ONE INVESTMENT CORP.

Condensed Statement of Loss and Comprehensive Loss (Unaudited)
For the three and six months ending October 31, 2018
(Expressed in Canadian Dollars)

	Three months ended October 31, 2018	Six months ended October 31, 2018
Expenses:		
Administrative fees	\$ 309	\$ 1,754
Listing and filing fees	11,450	25,892
Office and miscellaneous (Note 5)	2,089	3,589
Interest income	(766)	(1,725)
Bank charges	(146)	204
Professional fees	48,064	37,437
Share-based compensation (Note 5)	198,553	198,553
Net loss and comprehensive loss	\$ (259,553)	\$ (265,704)
Loss per share – basic and diluted	\$ (0.03)	\$ (0.03)
Weighted-average number of common shares outstanding	10,271,739	10,271,739

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

DISCOVERY ONE INVESTMENT CORP.

Condensed Statement of Changes in Equity (Expressed in Canadian Dollars)

	Share capital		Reserved for equity settled share-based transactions	Deficit	Total Shareholder's Equity
	Shares	Amount			
Balance at inception, February 14, 2018	-	\$ -	\$ -	\$ -	\$ -
Shares issued for cash, net of issuance costs	10,000,000	472,000	-	-	472,000
Net loss and comprehensive loss	-	-	\$ -	(44,366)	(44,366)
Balance, April 30, 2018	10,000,000	\$ 472,000	\$ -	\$ (44,366)	\$ 427,634
Shares issued for cash, net of issuance costs	10,000,000	884,700	-	-	884,700
Net loss and comprehensive loss	-	-	-	\$ (265,704)	\$ (265,704)
Warrants	-	(85,332)	85,332	-	-
Share-based payments	-	-	198,553	-	198,553
Balance, October 31, 2018	20,000,000	\$ 1,271,368	283,885	\$ (310,070)	\$ 1,245,183

The accompanying notes form an integral part of these condensed financial statements

DISCOVERY ONE INVESTMENT CORP.

Condensed Statement of Cash Flows
For the six months ending October 31, 2018 (Expressed in Canadian Dollars)

	October 31, 2018
Cash provided by (used in):	
Operating activities	
Net loss and comprehensive loss for the period	\$ (265,704)
Accrued interest	(704)
Items not affecting cash:	
Share-based payments	<u>198,553</u>
	(67,855)
Changes in non-cash working capital:	
Decrease (Increase) in GST receivable	(1,015)
Decrease (Increase) in Prepaid expenses	15,000
Increase (Decrease) in Accounts payable	(17,363)
Net cash used in operating activities	<u>(71,233)</u>
Financing activities	
Issuance of common shares	1,000,000
Share issue costs	(115,300)
Net cash provided by financing activities	<u>884,700</u>
Change in cash	813,467
Cash, beginning of period	447,215
Cash, end of period	<u>\$ 1,260,682</u>

There were no supplemental cash flow information for the period ended October 31, 2018

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

DISCOVERY ONE INVESTMENT CORP.

Notes to the Condensed Interim Financial Statements
For the three and six months ending October 31, 2018
(Unaudited, expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Discovery One Investment Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on February 14, 2018. The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange (the "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. 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.

The Company's head office and principal address is 5761 Seaview Place, West Vancouver BC, V7W 1R7. The registered and records office is 910-800 West Pender Street, Vancouver, BC V6C 2V6.

On May 31, 2018, the Company filed a preliminary prospectus to offer to the public in the provinces of British Columbia, Alberta and Ontario up to 5,000,000 common shares at a price of \$0.10 per share. For this purpose, the Company entered into an engagement agreement with Canaccord Genuity Corp. (the "Agent") dated April 19, 2018, to act as Agent for the Company. The Company will pay to the Agent a commission equal to 10% of the total proceeds raised in the Offering and issue finder's warrants upon closing of the Offering. Subsequent to the completion of the Offering, 1,500,000 stock options will be granted to directors and officers of the Company with an exercise price of \$0.10 per common share and exercisable for a period of 10 years from the date of grant.

During the period ending July 31, 2018, the Company amended its prospectus to qualify the issuance of 10,000,000 common shares at a price of \$0.10 per share; all other terms of the IPO remained unchanged. On July 26, 2018, the Company obtained a receipt for a final prospectus on this basis.

On October 25, 2018, the Company granted an additional 500,000 stock options to directors and officers of the Company with an exercise price of \$0.10 per common share and exercisable for a period of 10 years from the date of grant.

On October 26, 2018 the Company completed an IPO of 10,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$1,000,000. Share issue cost of \$30,300 and a cash commission of \$100,000 were paid in connection with the IPO. A total of 1,000,000 share purchase warrants with an exercise price of \$0.10 and a term of two years were granted to the Agent upon completion of the Offering.

The Company has no source of operating revenue, has incurred losses since inception and as at October 31, 2018 has a deficit of \$310,070. Its continued existence will be dependent on the receipt of related party debt or equity financing on terms which are acceptable to the Company.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements are unaudited and have been prepared on an accrual basis and

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are based on historical costs, modified where applicable in accordance with International Financial Reporting

Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee and in accordance with International Accounting Standards (“IAS”) 34, Interim Accounting.

The accounting principles utilized herein are consistent with those applicable to the annual audited financial statements; however, they may lack certain disclosures that are ordinarily only reported in those annual statements. Accordingly, these statements should be read in conjunction with the Company’s last audited financial statements as at and for the period ended April 30, 2018 as filed on www.SEDAR.com with the Company’s prospectus.

The condensed interim financial statements for the three and six month period ended October 31, 2018 were approved and authorized for issue by the Audit Committee on December 20, 2018.

Basis of presentation

These financial statements are presented in Canadian dollars unless otherwise noted.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company’s financial statements include the assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash consists of cash on deposit with banks.

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the

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commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. 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 periods. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Income taxes

Income tax expense is comprised of 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 asset and 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 affect neither accounting or taxable loss, and 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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Financial instruments – recognition and measurement

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated

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as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those, which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) classified as other financial liabilities are subsequently measured at amortized cost.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company's cash is classified as fair value through profit or loss. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

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

- Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

New Accounting Standards Issued But Not Yet Effective

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17,

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lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted, but only in conjunction with IFRS 15. The Company has not yet completed the process of assessing the impact of IFRS 16 will have on its condensed interim financial statements, or whether to early adopt this new requirement.

New Accounting Standards Adopted During The Period

IFRS 9 – Financial Instruments (“IFRS 9”)

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The Company adopted IFRS 9 on May 1, 2018 retrospectively and no differences of any significance have been noted in relation to the adoption of the standard.

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”)

In May 2014, IASB issued IFRS 15 to replace IAS 18 – Revenue, which establishes a new single five-step control-based revenue recognition model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The amended standard was adopted on May 1, 2018 and did not have an impact on the condensed interim financial statements.

4. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value.

b. Issued and outstanding

During the period ended April 30, 2018, the Company issued 10,000,000 common shares at a price of \$0.05 for proceeds of \$500,000. The Company paid cash commissions of \$28,000. The cash commission was equal to 7% of the proceeds received from subscribers who were introduced to the Company by the Agent.

Pursuant to the IPO engagement agreement, the Company advanced \$15,000 to the Agent related to potential legal fees. The Company was also liable for an administrative fee of \$15,000 payable to the Agent regardless of the outcome of the IPO.

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On October 26, 2018, the Company completed an Initial Public Offering of 10,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$1,000,000. Share issue cost of \$30,300 were paid in connection with the Initial Public Offering.

A cash commission of 10% of the gross proceeds of the Offering equal to \$100,000 was paid to the Agent.

Pursuant to the Agency Agreement, the Agent was granted non-transferable share purchase warrants to purchase up to 1,000,000 common shares of the Company at a price of \$0.10 per common share, exercisable for period of 24 months from the date the common shares of the Company are listed for trading on the TSX-V.

Escrow Shares

Subject to an Escrow Agreement pursuant to the requirements of the TSX Venture, 10,500,000 common shares are held in escrow. Under the terms of the Escrow Agreement, these shares will be released as to 10% thereof on the completion of the Company's Qualifying Transaction, and, as defined in the policies of the TSX Venture, as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the Final Exchange Bulletin is issued.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the TSX Venture, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

c. Stock options

The Company has adopted a stock option plan, pursuant to which the board of directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for a period of up to ten years from the date the common shares are listed on the Exchange. The number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised up to the greater of 12 months after the Completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

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The following is a summary of changes in stock options from February 14, 2018 to October 31, 2018:

	Number of Options	Weighted Average Exercise Price
Balance April 30, 2018	-	-
Granted May 24, 2018	1,500,000	\$0.10
Granted October 25, 2018	500,000	\$0.10
Balance October 31, 2018	2,000,000	\$0.10

On May 24, 2018 the Company granted 1,500,000 stock options with a weighted average exercise price of \$0.10 per share and an expiry date of May 24, 2028. These stock options were vested immediately. The weighted average fair value of the options issued was estimated at \$0.09 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Period ended October 31, 2018
Weighted average expected dividend yield	0.0%
Weighted average expected volatility	100.00%
Weighted average risk-free interest rate	1.95%
Weighted average expected term	10 years
Weighted average market price	\$0.09

On October 25, 2018 the Company granted 500,000 stock options with a weighted average exercise price of \$0.10 per share and an expiry date of October 25, 2028. These stock options were vested immediately. The weighted average fair value of the options issued was estimated at \$0.13 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Period ended October 31, 2018
Weighted average expected dividend yield	0.0%
Weighted average expected volatility	100.00%
Weighted average risk-free interest rate	2.22%
Weighted average expected term	10 years
Weighted average market price	\$0.13

Total share-based payment expense recorded during the period ended October 31, 2018 was \$198,553.

d) Warrants

On October 25, 2018 Pursuant to the Agency Agreement, the Agent was granted non-transferable share purchase warrants to purchase up to 1,000,000 common shares of the Company at a price of \$0.10 per common share, exercisable until October 26, 2020.

The following is a summary of changes in warrants from February 14, 2018 to October 31, 2018:

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	Number of Options	Weighted Average Exercise Price
Balance April 30, 2018	-	-
Granted October 25, 2018	1,000,000	\$0.10
Balance October 31, 2018	1,000,000	\$0.10

The weighted average fair value of the warrants issued was estimated at \$0.09 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Period ended October 31, 2018
Weighted average expected dividend yield	0.0%
Weighted average expected volatility	100.00%
Weighted average risk-free interest rate	2.22%
Weighted average expected term	2 years
Weighted average market price	\$0.09

5. RELATED PARTY TRANSACTIONS

On April 1, 2018, the Company entered into an administrative service and rent agreement with Brownlie Management Ltd., a company owned by the President and CEO of the Company. The agreement is for office administrative services and office rent on a month to month basis in exchange for a monthly fee of \$500, plus taxes.

During the six month period ended October 31, 2018, the Company paid \$3,000 pursuant to this agreement which has been included in Office and miscellaneous costs.

During the six month period ending October 31, 2018 the Company granted 2,000,000 share purchase options with an exercise price of \$0.10 per share to Directors and Officers of the Company (Note 4).

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at October 31, 2018, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

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

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

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Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

As at October 31, 2018, the Company had cash on hand of \$1,260,682 (April 30, 2018: \$447,215), which is sufficient to settle its current liabilities of \$17,637 (April 30, 2018: \$35,000).

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.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

7. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at October 31, 2018, the Company's shareholders' equity was \$1,245,183 (April 30, 2018: \$427,634) and it had current liabilities of \$17,637 (April 30, 2018: \$35,000). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its future liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company currently is not subject to externally imposed capital requirements.

Cash on hand will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds will be required to finance the Company's Qualifying Transaction.