

DISCOVERY ONE INVESTMENT CORP.

Consolidated Financial Statements

For the years ended April 30, 2020 and 2019

Expressed in Canadian Dollars

DISCOVERY ONE INVESTMENT CORP.

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Independent Auditor's Report

To the Shareholders Discovery One Investment Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Discovery One Investment Corp. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity 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 consolidated financial statements present fairly, in all material respects the consolidated financial position of the Company as at April 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 Consolidated 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 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 James D. Gray.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada

August 21, 2020

DISCOVERY ONE INVESTMENT CORP.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	As at	
		April 30, 2020	April 30, 2019
Assets			
Cash and cash equivalents		\$ 885,623	\$ 1,226,575
Amounts receivable	4	15,360	6,171
Note receivable	1, 2, 5	225,000	-
		1,125,983	1,232,746
Liabilities and Shareholders' Equity			
Accounts payable and accrued liabilities		14,959	5,765
Shareholders' equity			
Share capital	6	1,298,422	1,298,422
Reserves	6	229,159	229,159
Deficit		(416,557)	(300,600)
		1,111,024	1,226,981
		\$ 1,125,983	\$ 1,232,746

Nature of operations (Note 1)

Subsequent events (Notes 1 and 5)

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 the consolidated financial statements.

DISCOVERY ONE INVESTMENT CORP.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	For the years ended	
		April 30, 2020	April 30, 2019
Expenses:			
Accounting and audit fees		\$ 45,162	\$ -
Bank fees		84	218
Business development		258	84
Filing fees		16,092	25,246
Interest income		(22,256)	(8,739)
Legal fees		71,117	53,479
Office and miscellaneous	7	5,500	6,500
Share-based compensation	6,7	-	179,446
Net loss and comprehensive loss		\$ 115,957	\$ 256,234
Loss per share – basic and diluted		\$ (0.01)	\$ (0.02)
Weighted-average number of common shares outstanding		20,064,350	15,172,546

The accompanying notes form an integral part of the consolidated financial statements.

DISCOVERY ONE INVESTMENT CORP.

Consolidated Statements of Changes in Shareholders' Equity
 For the years ended April 30, 2020 and 2019
 (Expressed in Canadian Dollars)

	Notes	Share capital		Reserves	Deficit	Total Shareholders' Equity
		Shares	Amount			
Balance, April 30, 2018		10,000,000	\$ 472,000	\$ -	\$ (44,366)	\$ 427,634
Private placement	6	10,000,000	1,000,000	-	-	1,000,000
Share issuance costs	6	-	(183,430)	53,130	-	(130,300)
Exercise of warrants	6	64,350	9,852	(3,417)	-	6,435
Share-based compensation	6	-	-	179,446	-	179,446
Net loss and comprehensive loss		-	-	-	(256,234)	(256,234)
Balance, April 30, 2019		20,064,350	\$1,298,422	\$ 229,159	\$ (300,600)	\$ 1,226,981
Net loss and comprehensive loss		-	-	-	(115,957)	(115,957)
Balance, April 30, 2020		20,064,350	\$1,298,422	\$ 229,159	\$ (416,557)	\$ 1,111,024

The accompanying notes form an integral part of the consolidated financial statements.

DISCOVERY ONE INVESTMENT CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	For the years ended	
		April 30, 2020	April 30, 2019
Cash provided by (used in):			
Operating activities			
Net loss and comprehensive loss		\$ (115,957)	\$ (256,234)
Items not involving cash:			
Share-based compensation		-	179,446
Changes in non-cash working capital:			
Amounts receivable		(9,189)	(5,752)
Prepaid expenses		-	15,000
Accounts payable and accrued liabilities		9,194	(29,235)
Interest reclassified to investing activities		(16,048)	(2,955)
Net cash used in operating activities		(132,000)	(99,730)
Investing activities			
Advances of note receivable	5	(225,000)	-
Interest received		16,048	2,955
Cash flows from (used in) investing activities		(208,952)	2,955
Financing activities			
Proceeds from share issuance, net	6	-	869,700
Proceeds from exercise of warrants	6	-	6,435
Cash flows from financing activities		-	876,135
Increase (decrease) in cash		(340,952)	779,360
Cash, beginning of year		1,226,575	447,215
Cash, end of year		\$ 885,623	\$ 1,226,575

The accompanying notes form an integral part of the consolidated financial statements.

DISCOVERY ONE INVESTMENT CORP.

Notes to the Consolidated Financial Statements
For the years ended April 30, 2020 and 2019
(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 October 26, 2018, the Company completed its IPO, whereby it issued 10,000,000 common shares at \$0.10 per common share for gross proceeds of \$1,000,000 (See Note 6(b)). Upon completion of the IPO, 2,000,000 stock options were 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.

On September 30, 2019, the Company entered into a non-binding letter of intent with Current Energy and Renewables Corp. (“CER”) (formerly Current Power & Gas Inc.), a private company existing under the laws of British Columbia, pursuant to which the Company would have acquired all of the outstanding shares of CER and the business of CER would have become the business of the resulting issuer.

On November 29, 2019, the Company incorporated a wholly-owned subsidiary, 1231986 BC Ltd. (“Newco”) to facilitate the merger with CER.

On December 27, 2019, the Company entered into a definitive Amalgamation Agreement (the “Agreement”) with CER and Newco, whereby, on the effective date of the Agreement, CER would have amalgamated with Newco.

On August 17, 2020, the Company provided CER with a notice of termination, thereby terminating the Agreement.

Trading in the Company’s shares will remain halted until completion of the QT.

The Company has no source of operating revenue, has incurred losses since inception and as at April 30, 2020 has an accumulated deficit of \$416,557. Its continued existence will be dependent on the receipt of related party debt or equity financing on terms that are acceptable to the Company.

DISCOVERY ONE INVESTMENT CORP.

Notes to the Consolidated Financial Statements
For the years ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION

These consolidated financial statements were authorized for issue by the directors of the Company on August 21, 2020.

Statement of compliance

These consolidated financial statements have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

Basis of presentation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. These consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

These consolidated financial statements include the accounts of Discovery One Investment Corp. and its wholly owned subsidiary, 1231986 BC Ltd.

Subsidiaries are all entities over which Discovery One Investment Corp. has control. The Company controls an entity when the Company is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is obtained by Discovery One Investment Corp. and are deconsolidated from the date that control ceases.

All intercompany transactions, balances, revenues and expenses have been eliminated.

Significant estimates and assumptions

The preparation of the consolidated 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.

DISCOVERY ONE INVESTMENT CORP.

Notes to the Consolidated Financial Statements
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2. BASIS OF PRESENTATION (cont'd)

Significant judgments

The preparation of the consolidated 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 applicable to the Company's consolidated 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 in this connection.

Specifically, in connection with the termination of the agreement with CER in August, 2020, the collectability and value of the Note receivable balance as a current asset requires judgment and involves an element of measurement uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits held with Canadian 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 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.

DISCOVERY ONE INVESTMENT CORP.

Notes to the Consolidated Financial Statements
For the years ended April 30, 2020 and 2019
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

We have assessed the classification and measurement of our financial assets and financial liabilities as follows:

Financial Assets

Cash and cash equivalents	Amortized cost
Amounts receivable (excluding sales taxes)	Amortized cost
Note receivable	Amortized cost

Financial Liabilities

Accounts payable and accrued liabilities	Amortized cost
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The classification of financial assets is based on how the entity manages its financial instruments and contractual cash flow characteristics of the financial asset. Transactions costs with respect to financial instruments classified as fair value through profit or loss are recognized in the statements of loss and comprehensive loss.

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 financial instruments measured at fair value, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

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.

DISCOVERY ONE INVESTMENT CORP.

Notes to the Consolidated Financial Statements
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounting pronouncement adopted in the current year

As of May 1, 2019, the Company adopted IFRS 9, Leases. The Company determined that this new standard had no impact on the consolidated financial statements.

Recent accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended April 30, 2020, and have not been applied in preparing these consolidated financial statements.

The Company has determined that these new accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or will not have a significant impact on the Company's consolidated financial statements.

4. AMOUNTS RECEIVABLE

The Company's amounts receivable consists of GST/HST receivable from the Canadian government and interest receivable on the Company's term deposits and note receivable.

As at April 30, 2020, the Company's amounts receivable are as follows:

GST receivable	\$	3,368
Interest receivable		11,992
Amounts receivable	\$	15,360

5. NOTE RECEIVABLE

On February 3, 2020, the Company entered into a loan agreement with CER. As per the loan agreement, the Company advanced to CER an aggregate principal amount of \$225,000. The loan accrued interest at a rate of 15% per annum, and all accrued interest on the loan is payable on the maturity date.

The loan is secured by a promissory note, a general security agreement pursuant to which CER granted the Company a security interest in CER's present and after-acquired personal property, and 3,000,000 common shares in the capital of CER. As of April 30, 2020, these shares had been issued to the Company. No amount has been recorded for these shares as they are to be returned to CER and cancelled upon CER repaying the full amount of the loan, including any accrued interest.

As of April 30, 2020, the Company had accrued interest receivable of \$7,993 which is included in amounts receivable.

On August 18, 2020, in conjunction with the termination of the Agreement with CER, the Company gave notice to CER demanding repayment of the principal amount, plus all accrued interest.

DISCOVERY ONE INVESTMENT CORP.

Notes to the Consolidated Financial Statements
For the years ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

6. SHARE CAPITAL

a. Authorized

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

b. Issued and outstanding

As at April 30, 2020, the Company had 20,064,350 common shares issued and outstanding.

On October 26, 2018, the Company completed an IPO of 10,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$1,000,000. The Company paid a cash commission of \$100,000 and a related agent fee of \$30,300, and granted to the Agent warrants to acquire 1,000,000 common shares at a price of \$0.10 per common share until October 26, 2020. Using the Black-Scholes Model, the Company recorded an estimated fair value of \$53,130 in respect to these warrants.

On December 27, 2018, 64,350 agent warrants were exercised at a price of \$0.10 for gross proceeds of \$6,435. The warrants' fair value of \$3,417 was re-allocated to share capital.

c. Stock options

During the year ended April 30, 2019, the Company adopted a stock option plan (the "Stock Option Plan") whereby it can grant incentive stock options to directors, officers, employees, and technical consultants of the Company. The maximum numbers of shares that may be reserved for issuance under the Stock Option Plan is limited to 10% of the issued common shares of the Company at any time. The vesting period for all options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

During the year ended April 30, 2019, the Company issued 2,000,000 stock options pursuant to the Stock Option Plan. Each option is exercisable to acquire one common share at a price of \$0.10 any time prior to the expiry date. This resulted in a share-based compensation expense using the Black-Scholes option-pricing model of \$179,466. This amount was also recorded in reserves on the statement of financial position.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2018	-	\$ -
Granted	2,000,000	0.10
Balance, April 30, 2020 and April 30, 2019	2,000,000	\$ 0.10

DISCOVERY ONE INVESTMENT CORP.

Notes to the Consolidated Financial Statements
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(Expressed in Canadian Dollars)

6. SHARE CAPITAL (cont'd)

As at April 30, 2020, outstanding options were as follows:

Grant Date	Number of Options Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining contractual life (years)
May 24, 2018	1,500,000	\$ 0.10	May 24, 2028	8.07
October 25, 2018	500,000	0.10	October 25, 2028	8.50
Fully vested and exercisable, April 30, 2020	2,000,000	\$ 0.10		8.18

d. Agent warrants

In connection with the IPO on October 26, 2018, the Company granted to the agent 1,000,000 share purchase warrants at a price of \$0.10 per common share until October 26, 2020. This resulted in a fair value using the Black-Scholes warrant-pricing model of \$53,130. This amount was recorded in share issuance costs and netted against reserves on the statement of financial position. The weighted average fair value of these warrants granted to the agent was \$0.05 per warrant. The risk-free interest rate was 2.27%, with an expected life of 2 years, and an annualized volatility of 100%.

A summary of the Company's agent warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, as at April 30, 2018	-	\$ -
Granted	1,000,000	0.10
Exercised	(64,350)	0.10
Balance, April 30, 2020 and April 30, 2019	935,650	\$ 0.10

As at April 30, 2020, outstanding agent warrants were as follows:

Grant Date	Number of Warrants Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining contractual life (years)
October 26, 2018	1,000,000	\$ 0.10	October 26, 2020	0.49
Fully vested and exercisable, April 30, 2020	935,650	\$ 0.10		

7. RELATED PARTY TRANSACTIONS

The Company has identified its directors and senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

DISCOVERY ONE INVESTMENT CORP.

Notes to the Consolidated Financial Statements
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7. RELATED PARTY TRANSACTIONS (cont'd)

During the year ended April 30, 2019, the Company issued 2,000,000 incentive stock options to key management personnel and recognized stock-based compensation expense of \$179,446 in relation to stock options granted.

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 year ended April 30, 2020, the Company paid \$5,500 (2019 - \$6,500) pursuant to this agreement.

As at April 30, 2020, \$Nil (2019 - \$500) in accounts payable and accrued liabilities was due to related parties.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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.

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 April 30, 2020, the Company had cash on hand of \$885,623.

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.

DISCOVERY ONE INVESTMENT CORP.

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(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

(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.

9. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at April 30, 2020, the Company's shareholders' equity was \$1,117,024. 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.

10. INCOME TAXES

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2020	2019
	\$	\$
Loss before income taxes	(115,957)	(256,234)
Total expected income tax recovery at statutory rates	(31,000)	(69,000)
Net effect of non-deductible amounts	-	(1,000)
Unrecognized benefit of income tax losses	31,000	70,000
Actual income tax recovery	-	-

DISCOVERY ONE INVESTMENT CORP.

Notes to the Consolidated Financial Statements
For the years ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

10. INCOME TAXES (cont'd)

As at April 30, 2020, the amounts of deductible temporary differences for which no deferred tax assets were recognized, were as follows:

	April 30, 2020	April 30, 2019
	\$	\$
Non-capital loss carry-forwards	306,000	169,000
Share issue costs	89,000	163,500
	395,000	332,500

This potential future tax benefit has been offset entirely by a valuation allowance and has not been recognized in these financial statements.

The non-capital loss carry-forwards will expire according to the following schedule:

	Non-capital Losses
	\$
2038	50,000
2039	108,000
2040	148,000
Total	306,000

The deferred tax assets have not been recognized because at this stage of the Company's development it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.