

PACIFIC FRONTIER INVESTMENTS INC.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2021 and 2020.

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Pacific Frontier Investments Inc. (the “Company” or “Pacific Frontier”) for the interim period ended September 30, 2021 and 2020, have been prepared in accordance with the International Accounting Standard 34 - Interim Financial Reporting as issued by the International Accounting Standards Board and are the responsibility of the Company’s management.

The Company’s independent auditors have not performed a review of these condensed interim consolidated financial statements

November 29, 2021

PACIFIC FRONTIER INVESTMENTS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2021 and December 31, 2020

(Unaudited - Expressed in Canadian dollars)

	Note	September 30, 2021	December 31, 2020
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	17	1,961,836	1,110,950
Prepaid expenses	4	117,470	287,366
Inventory		13,996	7,303
Receivables		126,856	112,404
Deposits		40,060	44,843
Total current assets		2,260,218	1,562,866
Property and equipment	6	13,570,605	7,868,996
Total assets		15,830,823	9,431,862
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7,16	461,810	756,675
Income tax payable		1,000	1,000
Current portion of lease liabilities	8	112,978	76,689
Promissory note	9,16	-	300,000
Current portion of bank loans	10	700,000	3,701,827
Convertible promissory note	11,16	-	487,544
Loans payable	13	250,000	-
Deferred revenue		486,246	337,111
Total current liabilities		2,012,034	5,660,846
Lease liabilities	8	256,154	249,319
Promissory note	9,16	271,594	-
Bank loans	10	5,886,953	-
Convertible promissory note	11,16	452,607	-
Convertible debentures	12	1,987,843	-
Total liabilities		10,867,185	5,910,165
SHAREHOLDERS' EQUITY			
Share capital	14	5,933,084	3,831,778
Share subscription deposit		-	252,152
Reserves	15	849,666	105,595
Deficit		(1,819,112)	(667,828)
Total shareholders' equity		4,963,638	3,521,697
Total liabilities and shareholders' equity		15,830,823	9,431,862

Approved and authorized for issue on behalf of the Board on November 29, 2021

“Joe Bleackley”

Director

“Mike Iverson”

Director

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

PACIFIC FRONTIER INVESTMENTS INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
		\$	\$	\$	\$
Revenues	20	1,175,226	-	1,996,852	-
Costs of sales		(75,923)	-	(156,201)	-
Gross margin		1,099,303	-	1,840,651	-
Operating expenses					
Salaries and benefits		367,182	-	702,381	-
Property costs		77,449	-	357,100	-
Legal and professional fees	16	99,286	20,155	355,483	20,155
Interest expense	16	127,836	-	294,524	-
Management compensation	16	51,687	4,500	220,770	4,500
General and administration		5,900	4,719	136,075	4,877
Share-based compensation		187,850	-	187,850	-
Depreciation expense	6	182,034	-	277,829	-
Consulting expense	16	1,220	41,119	127,004	41,119
Property taxes	6	10,552	-	31,654	-
Insurance		16,126	-	43,584	-
Marketing		30,635	41,053	93,329	41,053
Financing costs		4,105	-	34,154	-
Lease expense		20,840	-	31,997	-
Accretion expense		20,146	-	47,855	-
Supplies		69,134	-	80,716	-
		1,271,982	111,546	3,022,305	111,704
Net loss from operations		(172,679)	(111,546)	(1,181,654)	(111,704)
Other income		17,455	-	28,149	-
Gain on sale on disposal of asset		-	-	2,575	-
Foreign exchange loss		(308)	-	(354)	-
Net loss and comprehensive loss		(155,532)	(111,546)	(1,151,284)	(111,704)
Net loss per share					
Basic and diluted		(0.00)	(0.01)	(0.01)	(0.01)
Weighted average number of common shares outstanding					
Basic and diluted		104,139,954	16,019,746	91,877,682	10,539,235

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

PACIFIC FRONTIER INVESTMENTS INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

	2021	2020
	\$	\$
Operating Activities		
Net loss for the period	(1,151,284)	(111,704)
Adjustments to non-cash items:		
Interest expense	92,012	-
Share-based compensation	187,850	-
Depreciation expense	277,829	-
Accretion expense	47,855	-
Gain on sale of asset	(2,575)	-
Changes in non-cash working capital items:		
Prepaid expenses	169,896	(25,000)
Receivables	(14,452)	(163,390)
Inventory	4,783	(125,000)
Deposits	(6,693)	-
Accounts payable and accrued liabilities	(190,950)	158,322
Deferred revenue	149,135	-
Cash used in operating activities	(436,594)	(266,772)
Investing Activities		
Proceeds from sale of asset	3,119	-
Expenditures on property and equipment	(6,006,649)	-
Cash used in investing activities	(6,003,530)	-
Financing Activities		
Common shares issued for cash – private placements	1,975,929	845,000
Proceeds from bank loans	7,146,250	-
Repayment of bank loans	(4,261,124)	-
Share issuance costs	(88,928)	-
Proceeds from convertible debentures	2,500,000	-
Transaction costs for convertible debt issuance	(136,203)	-
Shareholder loan	-	(1,000)
Loan payable	250,000	-
Subscription deposits	-	130,002
Lease payments	(94,914)	-
Cash provided by financing activities	7,291,010	974,002
Change in cash during the period	850,886	707,230
Cash and cash equivalents, beginning of period	1,110,950	845
Cash and cash equivalents, end of period	1,961,836	708,075
Supplemental cash flow information:		
Interest paid	202,512	-

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

PACIFIC FRONTIER INVESTMENTS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Class A shares	Class B shares	Class C shares	Number of Class shares	Share capital	Share subscription deposits	Reserves	Deficit	Total shareholders' equity
	#	#	#	#	\$	\$	\$	\$	\$
Balance, December 31, 2019	20	10	10	-	40	-	-	(195)	(155)
Share exchange	(20)	(10)	(10)	8,000	-	-	-	-	-
Shares issued - private placement	-	-	-	25,900,000	845,000	-	-	-	845,000
Net loss for the period	-	-	-	-	-	-	-	(111,704)	(111,704)
Balance, September 30, 2020	-	-	-	25,908,000	845,040	-	-	(111,899)	733,141
Shares issued - private placement	-	-	-	43,545,084	3,048,156	-	-	-	3,048,156
Shares issued - Share purchase agreement	-	-	-	2,857,143	200,000	-	-	-	200,000
Share issue costs - finder's warrants	-	-	-	-	(84,875)	-	84,875	-	-
Share issue costs - finder's fees	-	-	-	-	(176,543)	-	-	-	(176,543)
Equity component of convertible debentures	-	-	-	-	-	-	20,720	-	20,720
Shares to be issued	-	-	-	-	-	252,152	-	-	252,152
Net loss for the period	-	-	-	-	-	-	-	(555,929)	(555,929)
Balance, December 31, 2020	-	-	-	72,310,227	3,831,778	252,152	105,595	(667,828)	3,521,697
Shares issued - private placement	-	-	-	31,829,727	2,228,081	(252,152)	-	-	1,975,929
Share issue costs - finder's warrants	-	-	-	-	(37,847)	-	37,847	-	-
Share issue costs - finder's fees	-	-	-	-	(88,928)	-	-	-	(88,928)
Debt extinguishment	-	-	-	-	-	-	108,852	-	108,852
Equity component of convertible debentures	-	-	-	-	-	-	351,610	-	351,610
Convertible debentures' transaction costs - Warrants	-	-	-	-	-	-	57,912	-	57,912
Share-based compensation	-	-	-	-	-	-	187,850	-	187,850
Net loss for the period	-	-	-	-	-	-	-	(1,151,284)	(1,151,284)
Balance, September 30, 2021	-	-	-	104,139,954	5,933,084	-	849,666	(1,819,112)	4,963,638

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

PACIFIC FRONTIER INVESTMENTS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars, except where noted)

1. Nature of operations and going concern

Pacific Frontier Investments Inc. (the “Company” or “Pacific Frontier”) was incorporated on November 1, 2019 under the laws of British Columbia. The Company’s head office and principal address is PO Box 610, 9451 Glover Road, Langley, BC, Vancouver, BC. The Company is in the business of providing short and long-term accommodation year-round via its wholly owned land and on-site facilities.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, there are several conditions that may cast material uncertainty on the Company’s ability to continue as a going concern. As at September 30, 2021, the Company has working capital \$248,184 (December 31, 2020 – \$4,097,980 deficiency) and for the nine months then ended reported a net loss of \$1,151,284 (2020 - \$111,704).

There can be no assurance that the Company will be able to record net income and raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statements of financial position. The condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that may be necessary should the Company be unable to continue operations.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds. The restrictions and government in-door lockdowns as a result of COVID-19 limit the movement of recreational travels and may impact the Company’s business and reduce fiscal 2021 financial results. To date, COVID-19 has not had any material impact on the Company’s operations; however, it is possible that estimates in these condensed interim consolidated financial statements may change in the near term as a result of COVID-19.

2. Basis of presentation

a. Statement of compliance

These condensed interim consolidated financial statements were approved and authorized for issuance on November 29, 2021 by the directors of the Company.

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting*. These condensed interim consolidated financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited consolidated financial statements for the year ended December 31, 2020 and the period from November 1, 2019 (date of incorporation) to December 31, 2019 (the “annual financial statements”), which include the information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s use of judgements and estimates and significant accounting policies were presented in note 3 of those annual financial statements and have been consistently applied in the preparation of these condensed interim consolidated financial statements.

b. Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except cash flow information.

c. Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Subsidiaries are all entities over which the Company 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.

PACIFIC FRONTIER INVESTMENTS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars, except where noted)

2. Basis of presentation (continued)

The subsidiaries of the Company and its ownership interest include the following as at September 30, 2021 and December 31, 2020:

Name of subsidiary	Abbreviation	2021	2020
Pathfinder Camp Resorts Inc	PCR	100%	100%
Duckworth Management Group Ltd	DMG	100%	100%
Pathfinder Camp Resorts (Parksville) Inc.	PCRP	100%	100%

d. Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company and its subsidiaries.

3. Significant accounting policies

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in note 3 to the annual financial statements.

a. Convertible debentures

Convertible debentures are compound financial instruments that are accounted for based on their components of financial liability and equity. The financial liability component represents the Company's future obligation to pay coupon interest and principal. The liability component is initially measured at its net present value and subsequently measured at its amortized cost. After the net present value of the financial liability is determined, any residual amount is reported as an equity instrument at the convertible debentures' issuance date.

Transaction costs related to the issuance of convertible notes are apportioned to their respective financial liability and equity components in proportion to the allocation of proceeds as a reduction to the carrying amount of each component.

When valuing the financial liability component of the convertible notes, the Company used specific interest rates assuming no conversion features existed. The resulting liability component is accreted to its face value over the convertible note's term until its maturity date.

b. Critical accounting estimates, judgments, and assumptions

The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

The Company's interim results are not necessarily indicative of its results for a full year. The significant judgements and estimates applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in note 3 of the annual consolidated financial statements.

PACIFIC FRONTIER INVESTMENTS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars, except where noted)

4. Prepaid expenses

	September 30,	December 31,
	2021	2020
	\$	\$
Legal and professional retainers	7,000	47,850
Insurance	20,283	2,828
Prepaid mortgage payments	67,580	153,532
Prepaid investor marketing expense	14,167	74,167
Property taxes	6,979	-
Other prepaid expenses	1,461	8,989
Total	117,470	287,366

5. Deposits

Deposits consist of amounts paid in security for the construction of Pathfinder Camp Resorts in Agassiz and Parksville.

PACIFIC FRONTIER INVESTMENTS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars, except where noted)

6. Property and equipment

	Right of use asset	Land	Building	Site fixtures	Leasehold improvements	Office equipment and computers	Vehicle	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance, December 31, 2019	-	-	-	-	-	-	-	-
Acquired upon acquisition - Pathfinder Agassiz	-	1,986,490	-	336	126,777	3,887	-	2,117,490
Acquired upon acquisition - Pathfinder Parksville	-	2,837,156	534,228	89,319	27,148	18,446	39,380	3,545,677
Acquired upon acquisition - Duckworth	319,667	-	1,019,654	2,419	5,661	47,310	27,809	1,422,520
Disposal	-	-	-	-	-	(12,898)	-	(12,898)
Additions	-	-	-	-	833,483	7,852	-	841,335
Balance, December 31, 2020	319,667	4,823,646	1,553,882	92,074	993,069	64,597	67,189	7,914,124
Disposal	-	-	-	-	-	(544)	-	(544)
Additions	114,630	-	196,996	172,480	5,072,236	404,968	18,672	5,979,982
Transferred from leasehold improvements	-	-	313,665	5,745,979	(6,059,644)	-	-	-
Balance, September 30, 2021	434,297	4,823,646	2,064,543	6,010,533	5,661	469,021	85,861	13,893,562
Accumulated depreciation								
Balance, December 31, 2019	-	-	-	-	-	-	-	-
Acquired upon acquisition - Pathfinder Parksville	-	-	-	-	-	-	(27,552)	(27,552)
Acquired upon acquisition - Duckworth	-	-	-	-	-	-	(17,110)	(17,110)
Write-off	-	-	-	-	-	11,307	-	11,307
Depreciation expense	(6,801)	-	(2,751)	(365)	(94)	(1,339)	(423)	(11,773)
Balance, December 31, 2020	(6,801)	-	(2,751)	(365)	(94)	9,968	(45,085)	(45,128)
Depreciation expense	(79,845)	-	(51,023)	(100,475)	(835)	(39,077)	(6,574)	(277,829)
Balance, September 30, 2021	(86,646)	-	(53,774)	(100,840)	(929)	(29,109)	(51,659)	(322,957)
Carrying amount								
Balance, December 31, 2020	312,866	4,823,646	1,551,131	91,709	992,975	74,565	22,104	7,868,996
Balance, September 30, 2021	347,651	4,823,646	2,010,769	5,909,693	4,732	439,912	34,202	13,570,605

During the period, the leasehold improvements were transferred to building and site fixtures when they became available for use.

PACIFIC FRONTIER INVESTMENTS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars, except where noted)

7. Accounts payable and accrued liabilities

	September 30, 2021	December 31, 2020
	\$	\$
Trade payables	322,281	643,201
Accrued liabilities	90,039	113,474
Wages payable	33,444	-
Government agencies payable	16,046	-
Total	461,810	756,675

8. Lease liabilities

	September 30, 2021	December 31, 2020
	\$	\$
Beginning of period	326,008	-
Additions	114,630	332,127
Interest expense	23,408	2,214
Lease payments	(94,914)	(8,333)
Balance, end of period	369,132	326,008
Less: Current portion	112,978	76,689
Non-current portion of lease liabilities	256,154	249,319

9. Promissory note

	September 30, 2021	December 31, 2020
	\$	\$
Balance, beginning of period	300,000	-
Debt extinguishment	(300,000)	-
Promissory note issued	300,000	300,000
Equity component of promissory note	(39,474)	-
Accretion expense	11,068	-
Balance, end of period	271,594	300,000

On December 1, 2020, the Company issued a non-interest-bearing promissory note of \$300,000 to an officer of the Company as part of the consideration paid for Pathfinder Fort Langley acquisition. The promissory note is non-interest bearing, unsecured and matured on June 1, 2021. On April 30, 2021, the terms of the promissory note were amended to extend the maturity date to September 30, 2022. This amendment was treated as an extinguishment and reissuance of a new promissory note. The equity component at the new promissory note issue date was determined to be the residual of \$39,473. The debt component was calculated using a discount rate of 10%.

PACIFIC FRONTIER INVESTMENTS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars, except where noted)

10. Bank loans

	Mortgage (a)	Mortgage (b)	Mortgage (c)	Mortgage (d)	Mortgage (e)	Mortgage (f)	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2020	1,276,827	1,725,000	700,000	-	-	-	3,701,827
Addition	-	-	-	1,176,250	3,175,000	2,795,000	7,146,250
Repayment	(1,276,827)	(1,725,000)	-	(1,176,250)	(67,264)	(15,783)	(4,261,124)
Balance, September 30, 2021	-	-	700,000	-	3,107,736	2,779,217	6,586,953
Less: Current portion	-	-	700,000	-	-	-	700,000
Non-current portion of Bank loans	-	-	-	-	3,107,736	2,779,217	5,886,953

- (a) On October 29, 2020, the Company, through its wholly owned subsidiary Pathfinder Camp Resorts Inc., raised \$1,283,750 through the issuance of a bank mortgage. The mortgage bears interest at 4.35% per annum and will be repayable upon demand. For the three and nine months ended September 30, 2021, the Company incurred interest expense of \$1,632 and \$28,892, respectively, related to this loan. The mortgage term is secured by a 'Commercial Security Agreement' covering all present and future assets of Pathfinder Camp Resort Inc.
- (b) On December 15, 2020, the Company, through its wholly owned subsidiary Pathfinder Camp Resort (Parksville), raised \$1,725,000 through the issuance of a bank mortgage. The mortgage bears interest at 5.45% per annum and will be repayable upon demand. For the three and nine months ended September 30, 2021, the Company incurred interest expense of \$nil and \$18,885, respectively, related to this loan. The mortgage term is secured by a "General Security Agreement" in favour of the lender for first-priority security interest in all present and future undertaking and assets of Parksville, including receivables, inventory, property, equipment and machinery.
- (c) On December 15, 2020, the Company, through its wholly owned subsidiary Pathfinder Camp Resort (Parksville), raised \$700,000 through the issuance of a bank mortgage. The mortgage bears interest at 14% per annum until December 21, 2021, whereupon interest rate will increase to 16% per annum and will be repayable upon demand. For the three and nine months ended September 30, 2021, the Company incurred interest expense of \$24,701 and \$73,414, respectively, related to this loan. The mortgage term is secured by a "General Security Agreement" in favour of the lender for first-priority security interest in all present and future undertakings and assets of Parksville, including receivables, inventory, property, equipment and machinery.
- (d) On February 10, 2021, the Company, through its wholly owned subsidiary Pathfinder Camp Resort Inc., raised \$1,176,250 through the issuance of a bank mortgage. The mortgage bears interest at 5.45% per annum and will be repayable upon demand. For the three and nine months ended September 30, 2021, the Company incurred interest expense of \$5,270 and \$18,280, respectively, related to this loan. The mortgage term is secured by the existing 'Commercial Security Agreement' covering all present and future assets.
- (e) On April 13, 2021, the Company, through its wholly owned subsidiary Pathfinder Camp Resort (Parksville), raised \$3,175,000 through the issuance of a bank mortgage. The mortgage bears interest at 3.51% per annum to maturity for a period of 5 years. A portion of the loan amount was used to repay another existing bank loan. The remaining use of funds are applied to on-going construction and development of the campgrounds and lands. For the three and nine months ended September 30, 2021, the Company incurred interest expense of \$27,746 and \$46,331, respectively, related to this loan. The mortgage term is secured by a "General Security Agreement" in favour of the lender for first-priority security interest in all present and future undertaking all personal property of the Parksville.
- (f) On July 9, 2021, the Company, through its wholly owned subsidiary Pathfinder Camp Resort Inc., raised \$2,795,000 through the issuance of a bank mortgage. The mortgage bears interest at 3.55% per annum to maturity for a period of 5 years. For the three and nine months ended September 30, 2021, the Company incurred interest expense of \$16,710, related to this loan. The mortgage term is secured by the existing 'Commercial Security Agreement' covering all present and future assets.

PACIFIC FRONTIER INVESTMENTS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars, except where noted)

11. Convertible promissory note

	September 30, 2021	December 31, 2020
	\$	\$
Balance, beginning of period	487,544	-
Debt extinguishment	(500,000)	-
Convertible debenture issued	500,000	500,000
Equity component of convertible debenture	(69,378)	(20,720)
Accretion expense	34,441	8,264
Balance, end of period	452,607	487,544

On October 30, 2020, the Company raised \$500,000 through the issuance of a convertible promissory note to a director of the Company, that matures on the earlier of (i) April 1, 2021 or (ii) an event of default occurring. The holder may at any time convert a portion of the remaining principal into common shares of the Company at \$0.07 per share. The equity component at the grant date was determined to be \$20,720 using the residual value method. The debt component was calculated using a discount rate of 10%. Separate from the conversion feature, the convertible debenture is subject to 10% annual interest rate, compounded annually.

On April 30, 2021, the Company amended the agreement for the issuance of a convertible debenture to a director of the Company, where both parties agreed to extend the maturity to the earlier of (i) September 30, 2022 or (ii) an event of default occurring. This amendment was treated as an extinguishment and reissuance of a new convertible debt. The debt component was calculated using a discount rate of 10%. The equity component at the grant date was determined to be the residual of \$69,378.

During the three and nine months ended September 30, 2021, interest expense of \$12,602 and \$37,397, respectively (2020 - \$nil and \$nil, respectively) were incurred, with an interest balance of \$45,890 (December 31, 2020 - \$8,493) in interest payable recorded in accounts payable and accrued liabilities.

12. Convertible debentures

The following is the continuity of the Company's convertible debentures.

	July 26, 2021 Issuance	September 8, 2021 Issuance	Total
	\$	\$	\$
Balance, December 31, 2020	-	-	-
Issued	1,340,000	1,160,000	2,500,000
Equity portion	(187,528)	(164,081)	(351,609)
Transaction costs	(97,067)	(97,049)	(194,116)
Interest expense	24,230	6,992	31,222
Accretion expense	1,325	1,021	2,346
Balance, September 30, 2021	1,080,960	906,883	1,987,843

The following transactions occurred during the three and nine months ended September 30, 2021:

On July 26, 2021, the Company completed the first tranche of a brokered convertible debenture of units for total gross proceeds of \$1,340,000, for which the Company paid \$68,100 in cash transaction costs. Each unit (the "1st tranche CD Units") consists of one common share and one non-transferable warrant entitling the holder to purchase one common share at a price of \$0.15 for two years. The convertible debentures are unsecured, bear interest at 10% per annum and mature two years after the date of issue. Conversion is at the right of the holder and may be converted into units at a conversion price of \$0.10 per 1st tranche CD Unit. The Company may force conversion of the 1st tranche CD Units into units at any time following completion of a going public transaction if the common shares of the Company have traded or closed at a price equal to or greater than double the Conversion Price for ten consecutive trading days. In connection with the convertible debenture issuance, the Company issued 681,000 finder's warrants to purchase one additional common share of the Company at \$0.15 per warrant with an expiry date of July 26, 2023.

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12. Convertible debentures (continued)

On September 8, 2021, the Company completed the second and final tranche of brokered convertible debenture units for total gross proceeds of \$1,160,000, for which the Company paid \$68,103 in cash transaction costs. Each unit (the "2nd tranche CD Units") consists of one common share and one non-transferable warrant entitling the holder to purchase one common share at a price of \$0.15 for two years. The convertible debentures are unsecured, bear interest at 10% per annum and mature two years after the date of issue. Conversion is at the right of the holder and may be converted into units at a conversion price of \$0.10 per 2nd tranche CD Unit. The Company may force conversion of the 2nd tranche CD Units into units at any time following completion of a going public transaction if the common shares of the Company have traded or closed at a price equal to or greater than double the Conversion Price for ten consecutive trading days. In connection with the convertible debenture issuance, the Company issued 681,034 finder's warrants to purchase one additional common share of the Company at \$0.15 per warrant with an expiry date of September 8, 2023.

13. Loans payable

On May 18, 2021, the Company received a loan from an arms-length company for \$250,000 at an interest rate of 8% per annum, and payable upon the earlier of the completion or termination of the going public transaction. The loan is secured by moveable assets owned by the Company. Upon completion of the Company's qualifying transaction on October 14, 2021 (note 21), this loan was consolidated.

14. Share capital

a. Authorized

Unlimited number of common voting shares without par value.

b. Issued and outstanding

During the period ended September 30, 2021, the Company completed the following transactions:

On February 17, 2021, pursuant to a private placement, the Company issued 31,829,727 common shares of the Company at \$0.07 per share for the gross proceeds of \$2,228,081, of which \$252,152 of this was received during the year ended December 31, 2020, which was recorded as a subscription deposit as at December 31, 2020.

On February 17, 2021, pursuant to a private placement, the Company issued 1,241,840 finder's warrants to purchase one additional common share of the Company at \$0.10 per warrant with an expiry date of February 17, 2023. The fair value of the finder's warrants issued was calculated as \$37,846 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, discount rate of 0.2% based on the bond rate of the Bank of Canada, expected volatility of 100% and 0% expected dividend yield.

In connection with the private placement, the Company incurred finder's fees of \$88,928 for professional services rendered.

During the year ended December 31, 2020, the Company completed the following transactions:

On July 15, 2020, pursuant to a share exchange agreement, the Company issued 8,000 common shares of the Company at \$0.005 per share in exchange for 20 Class A shares, 10 Class B shares and 10 Class C shares.

On July 15, 2020, pursuant to a private placement, the Company issued 10,000,000 common shares of the Company at \$0.005 per share for the gross proceeds of \$50,000.

During the year ended December 31, 2020, pursuant to a private placement, the Company issued 15,900,000 common shares of the Company at \$0.05 per share for the gross proceeds of \$795,000.

During the year ended December 31, 2020, pursuant to a private placement, the Company issued 43,545,084 common shares of the Company at \$0.07 per share for the gross proceeds of \$3,048,156.

In connection with the private placements, the Company incurred finder's fees of \$176,543 and \$84,875 in finder's warrants for professional services rendered.

On December 1, 2020, pursuant to a share purchase agreement, the Company issued 2,857,143 common shares of the Company with a fair value of \$200,000 as part of a share purchase consideration for Duckworth Management Group Ltd.

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14. Share capital (continued)

b. Issued and outstanding (continued)

During the year ended December 31, 2020, the Company received a share subscription deposit of \$252,152.

15. Reserves

Stock Options

A summary of the Company's stock option activity is presented below:

	Options outstanding and exercisable #	Weighted average exercise price \$
Balance, December 31, 2020 and 2019	-	-
Granted	2,500,000	0.10
Balance, September 30, 2021	2,500,000	0.10

On July 2, 2021, the Company granted 2,500,000 fully vested incentive stock options to directors, officers, employees, and technical consultants of the Company. The exercise price of the options is \$0.10

The following range of inputs were used in the Black-Scholes pricing model for options granted in the period:

Exercise price	\$0.10
Share price	\$0.10
Expected life (years)	5.29
Expected dividends	0%
Volatility rate	100%
Risk-free interest rate	0.25%
Fair value per option	\$0.0751

The following are the outstanding stock options as of September 30, 2021:

Expiry date	Number outstanding	Exercise price	Contractual remaining life in years	Number exercisable
November 1, 2021	510,000	\$0.10	0.16	510,000
October 14, 2026	1,990,000	\$0.10	5.04	1,990,000
Total	2,500,000			2,500,000

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15. Reserves (continued)

Warrants

A summary of the Company's warrants activity is presented below:

	Warrants outstanding and exercisable #	Weighted average exercise price \$
Balance, December 31, 2019	-	-
Granted	2,517,760	0.10
Balance, December 31, 2020	2,517,760	0.10
Granted	2,603,874	0.10
Balance, September 30, 2021	5,121,634	0.10

The share purchase warrants outstanding and exercisable at September 30, 2021 have the following expiry date and exercise prices:

Expiry date	Number outstanding	Exercise price	Contractual remaining life in years	Number exercisable
October 2, 2022	572,000	\$0.10	1.01	572,000
October 31, 2022	903,360	\$0.10	1.08	903,360
November 30, 2022	203,600	\$0.10	1.17	203,600
December 14, 2022	640,400	\$0.10	1.21	640,400
December 23, 2022	198,400	\$0.10	1.23	198,400
February 17, 2023	1,241,840	\$0.10	1.38	1,241,840
July 26, 2023	681,000	\$0.10	1.82	681,000
September 8, 2023	681,034	\$0.10	1.94	681,034
Total	5,121,634			5,121,634

On July 26, 2021, in connection with the convertible debenture issuance (Note 12), the Company issued 681,000 finder's warrants to purchase one additional common share of the Company at \$0.15 per warrant with an expiry date of July 26, 2023. The fair value of the finder's warrants issued was calculated as \$28,967 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, discount rate of 0.56% based on the bond rate of the Bank of Canada, expected volatility of 100% and 0% expected dividend yield.

On September 8, 2021, in connection with the convertible debenture issuance (Note 12), the Company issued 681,034 finder's warrants to purchase one additional common share of the Company at \$0.15 per warrant with an expiry date of September 8, 2023. The fair value of the finder's warrants issued was calculated as \$28,945 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, discount rate of 0.49% based on the bond rate of the Bank of Canada, expected volatility of 100% and 0% expected dividend yield.

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16. Related party transactions

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. During the three and nine months ended September 30, 2021 and 2020, the remuneration of the key management personnel was as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Legal and professional fees paid to officer	18,800	-	74,300	-
Amounts paid to companies controlled by CEO	17,500	-	125,000	-
Salaries paid to directors and officers	34,187	-	95,770	-
General and administrative	3,312	-	13,175	-
Share compensation including stock options for directors and officers	156,292	-	156,292	-
	230,091	-	464,537	-

Balances due to (from) related parties as at September 30, 2021 and December 31, 2020, were as follows:

	September 30,	December 31,
	2021	2020
	\$	\$
Accounts payable and accrued liabilities	67,634	37,438
Promissory note	271,594	300,000
Convertible promissory note	452,607	487,544
Due from related party	-	(3,597)
	791,835	821,385

Amounts in accounts payable and accrued liabilities as at September 30, 2021 are non-interest bearing and due within 90 days of period end.

17. Financial instruments and risk management

a. Fair value of financial assets and liabilities

IFRS 13 – *Fair value measurement* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- 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 (i.e.: as prices) or indirectly (i.e.: derived from prices); and
- Level 3: Inputs that are not based on observable market data.

At September 30, 2021 the carrying values of cash and cash equivalents, receivables, deposits, accounts payable and accrued liabilities, promissory note, loan payable and bank loans approximate their respective fair values due to the short-term nature of these instruments. Lease liabilities and convertible debenture are classified as level 3.

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17. Financial instruments and risk management (continued)

b. Risk management

The Company's financial instruments are exposed to certain financial risks, including interest rate risk, credit risk, liquidity risk and market risk.

Interest rate risk

The Company has limited exposure at September 30, 2021 to interest rate risk through its financial instruments. Cash equivalents consist of a cashable GIC term deposit of \$nil (December 31, 2020 - \$143,000), which earns fixed interest at 0.35% per annum and bank loans and convertible debenture have fixed interest rates between 4% - 14% per annum.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The risk for cash and cash equivalents is mitigated by holding these instruments with highly rated Canadian financial institutions. The maximum credit risk exposure associated with cash is limited to the total carrying value.

Accounts receivable and due from related party balances are due within 90 days, management have reviewed these accounts and believe that all balances are collectible net of the bad debt allowance. As at September 30, 2021, the Company has not determined an allowance relating to the accounts.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Company had a cash balance of \$1,961,836 (December 31, 2020 - \$1,110,950) to settle current liabilities of \$2,012,034 (December 31, 2020 - \$5,660,845). All of the Company's financial liabilities (except the promissory note, convertible debenture and bank loan) have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates.

Foreign currency risk

As at September 30, 2021, the Company's expenditures are in Canadian dollars. Any future equity raised is expected to be predominantly in Canadian dollars. The Company believes it has no significant foreign exchange rate risk. The Company does not hold balances in foreign currencies which would give rise to exposure to foreign exchange rate risk.

18. Capital risk management

The Company's objectives of capital management are intended to safeguard the Company's normal operating requirements on an ongoing basis. The capital of the Company consists of consolidated equity, net of cash.

	September 30, 2021	December 31, 2020
Equity	\$ 4,963,638	\$ 3,521,697
Less: cash	(1,961,836)	(1,110,950)
	3,001,802	2,410,747

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company also has in place a planning, budgeting and forecasting process which is used to identify the amount of funds required to ensure the Company has appropriate liquidity to meet short and long-term operating objectives. The Company is dependent on cash flows generated from operation and financing to fund its activities. In order to maintain or adjust its capital structure, the Company may issue new shares or debt. There have been no changes to the Company's approach to capital management during the period ended September 30, 2021.

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19. Commitments

A summary of undiscounted liabilities and future operating commitments at September 30, 2021 are as follows:

	Total	Within 1 year	2 - 5 years	Greater than 5 years
	\$	\$	\$	\$
Accounts payable and accrued liabilities	461,810	461,810	-	-
Lease liabilities	454,358	140,148	314,210	-
Promissory note	300,000	-	300,000	-
Bank loans	2,279,977	516,940	1,763,037	-
Convertible promissory note	500,000	-	500,000	-
Loan payable	250,000	250,000	-	-
Convertible debentures	2,500,000	-	2,500,000	-
Total financial liabilities and commitments	6,746,145	1,368,898	5,377,247	-

20. Segmented information

Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision makers in deciding how to allocate resources, and in assessing performance.

The following table presents the Company's operations by segment for the nine months ended September 30, 2021.

	Corporate	Resorts	Consolidated
	\$	\$	\$
Revenues	-	1,996,852	1,996,852
Costs of sales	-	(156,201)	(156,201)
Gross margin	-	1,840,651	1,840,651
Operating expenses	1,211,014	1,811,291	3,022,305
Net income (loss) from operations	(1,211,014)	29,360	(1,181,654)
Net income (loss)	(1,207,687)	56,403	(1,151,284)
Total assets	1,529,577	14,301,246	15,830,823
Total liabilities	3,203,250	7,663,935	10,867,185

The following table presents the Company's operations by segment for the three months ended September 30, 2021.

	Corporate	Resorts	Consolidated
	\$	\$	\$
Revenues	-	1,175,226	1,175,226
Costs of sales	-	(75,923)	(75,923)
Gross margin	-	1,099,303	1,099,303
Operating expenses	490,387	781,595	1,271,982
Net income (loss) from operations	(490,387)	317,708	(172,679)
Net income (loss)	(490,110)	334,578	(155,532)
Total assets	1,529,577	14,301,246	15,830,823
Total liabilities	3,203,250	7,663,935	10,867,185

The Company's assets are located in Canada.

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21. Subsequent events

On October 14, 2021 the Company completed a qualifying transaction (the "Transaction") pursuant to TSX Venture Exchange (the "TSXV") Policy 2.4 – Capital Pool Companies, which consisted of a business combination by way of a three corner amalgamation of Pacific Frontier and 1231986 BC Ltd., a wholly owned subsidiary of Discovery One Investment Corp. ("Discovery"), whereby Discovery acquired all of the outstanding common shares of Pacific Frontier in exchange for common shares of Discovery and the business of Pacific Frontier became the business of Discovery in accordance with the amalgamation agreement dated March 9, 2021, as amended.

Prior to closing of the Transaction, Discovery's common shares were consolidated on a 2.3:1 basis (the "Consolidation") with shareholders of Pacific Frontier then receiving 0.452398 post-consolidated common share of Discovery (the "Transaction Shares") for every common share of Pacific Frontier previously held. Convertible securities of Pacific Frontier were also adjusted based on the foregoing exchange ratio.

After the Consolidation, Discovery had 8,723,629 common shares outstanding and Pacific Frontier had 104,139,954 common shares outstanding. As a result of the Transaction, Discovery issued 47,112,695 Transaction Shares to Pacific Frontier's shareholders, and Discovery has 55,836,324 shares outstanding.

Prior to closing of the Transaction, the name of Discovery One Investment Corp. was changed to "Pathfinder Ventures Inc."

On November 22, 2021, Pathfinder Ventures Inc. granted 2,000,568 incentive stock options to certain directors, officers, and consultants, which have an exercise price of \$0.30 per option for a period of five years from issuance.