

Wolf Acquisition Corp.

INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

As at and for the three and nine months ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of the Wolf Acquisition Corp. (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 interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

WOLF ACQUISITION CORP.
INTERIM FINANCIAL STATEMENTS

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Wolf Acquisition Corp.
Interim Statement of Financial Position
(Unaudited – Prepared by Management)
(in Canadian dollars)

	September 30, 2020	December 31, 2019
ASSETS		
Current assets		
Cash	\$453,909	\$269,716
Prepaid Expenses	500	-
Total assets	\$454,409	\$269,716
LIABILITIES		
Accounts payable and accrued liabilities	\$32,934	\$30,613
Total liabilities	\$32,934	\$30,613
SHAREHOLDERS' EQUITY		
Share capital (note 3)	\$573,021	\$364,462
Share-based payments reserve (note 3)	49,414	65,332
Deficit	(216,878)	(190,691)
Total shareholders' equity	\$405,558	\$239,103
Total liabilities and shareholders' equity	\$438,491	\$269,716

Continuance of operations (note 1)

Subsequent events (note 6)

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

Approved by the Board

Damian Lopez

Director (Signed)

Peter Simeon

Director (Signed)

Wolf Acquisition Corp.

Interim Statement of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(in Canadian dollars)

	For the Three Months Ended September		For the Nine Months Ended September	
	2020	2019	2020	2019
Expenses				
Professional fees	\$6,631	\$6,338	\$14,237	\$23,381
Filing and listing fees	1,457	627	11,648	14,381
Share-based payments (note 3)	-	-	-	-
Other general and administrative	223	15	301	63
Net loss and comprehensive loss	\$(8,311)	\$(6,980)	\$(26,187)	\$(37,825)
Weighted average number of shares, basic and diluted (note 3)	4,586,667	3,000,000	3,525,000	3,000,000
Net loss per share, basic and diluted	\$0.00	\$0.00	\$(0.01)	\$(0.01)

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

Wolf Acquisition Corp.

Interim Statement of Changes in Shareholders' Equity

(Unaudited – Prepared by Management)

(in Canadian dollars)

	Number of Shares	Share Capital	Share-based Payments Reserve	Deficit	Shareholders' Equity
Balance at inception (January 25, 2018)	-	\$ -	\$ -	\$ -	\$ -
Share subscription (note 3)	2,500,001	125,000	-	-	125,000
Initial public offering (note 3)	3,000,000	300,000	-	-	300,000
Share issue costs (note 3)	-	(60,538)	15,918	-	(44,620)
Share-based payments (note 3)	-	-	49,414	-	49,414
Net loss and comprehensive loss	-	-	-	(149,587)	(149,587)
Balance December 31, 2018	5,500,001	\$364,462	\$65,332	\$(149,587)	\$280,207
Net loss and comprehensive loss	-	-	-	(41,104)	(41,104)
Balance December 31, 2019	5,500,001	\$364,462	\$65,332	\$(190,691)	\$239,103
Share subscription (note 3)	4,280,000	214,000	-	-	214,000
Share issue costs (note 3)	-	(5,441)	(15,918)	-	(21,359)
Net loss and comprehensive loss	-	-	-	(26,187)	(26,187)
Balance September 30, 2020	9,708,001	\$573,021	\$49,414	\$(216,878)	\$405,558

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

Wolf Acquisition Corp.
Interim Statement of Cash Flows
(Unaudited – Prepared by Management)
(in Canadian dollars)

	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Cash flows used in operating activities		
Net Loss	\$(26,187)	\$(37,825)
Share-based payments (note 3)	-	-
Change in working capital	1,821	(2,769)
Net cash used in operating activities	\$(24,366)	\$(40,594)
Cash flows from financing activities		
Issue of common shares (note 3)	\$ 214,000	\$ -
Shares issue costs (note 3)	(5,441)	-
Net cash provided by financing activities	\$ 208,559	\$ -
Net change in cash	\$184,193	\$(40,594)
Cash, beginning of period	\$269,716	\$310,330
Cash, end of period	\$453,909	\$269,736

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

Wolf Acquisition Corp.

Notes to the Interim Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

(Unaudited – Prepared by Management)

(in Canadian dollars)

1. INCORPORATION AND CONTINUANCE OF OPERATIONS

Wolf Acquisition Corp. was incorporated under the *Business Corporations Act* (Ontario) on January 25, 2018 as 2617283 Ontario Corp. and was renamed on February 23, 2018. The Company is a Capital Pool Corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (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-arm’s length transaction, of the majority of the disinterested shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company, in respect of the sale of its securities, or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company, as defined under the policies of the Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval and its common shares are listed on the Exchange, being August 20, 2020. On October 5, 2020, the Company, CX One Inc. (“CX One”) and Frontera Gold Corp. (“Frontera”) entered into a non-binding letter of intent (the “LOI”) whereby the Company would acquire all of the issued and outstanding shares of CX One and Frontera (see “Subsequent Events” note).

The Company’s ability to continue operations as intended is dependent upon its ability to identify, evaluate and negotiate an acquisition of a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. However, management believes that the Company has sufficient working capital to meet its projected minimum financial obligations for the next fiscal year. The interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

The head office and the registered head office of the Company is located at 84 Marion Street, Toronto, Ontario, M6R 1E7.

On November 27, 2020, the Board of Directors approved these interim financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) as at the reporting date. The

Wolf Acquisition Corp.

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interim financial statements have been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting (“IAS 34”). These interim financial statements should be read in conjunction with the Company’s audited financial statements for the period ended December 31, 2019, which include information necessary or useful to understanding the Company’s business and financial statement presentation.

Basis of Measurement

These interim financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

Financial Assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either Fair Value through Profit or Loss (“FVPL”) or Fair Value through Other Comprehensive Income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company has measured cash at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in profit or loss.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statement of loss. The Company does not measure any financial assets at FVPL.

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Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statement of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss. Dividends from such investments are recognized in other income in the statements of loss when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized. The Company does not have financial assets subject to impairment.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

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Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Classification of Financial Instruments

The following is a summary of significant categories of financial instruments:

Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Carrying value and fair value of financial assets and liabilities are approximately equal.

Fair Value Hierarchy

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Share-based Payments

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

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

When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payments reserves are recorded as share capital. When the right to receive options is forfeited before

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the options have vested, any expense previously recorded is reversed. For those options and warrants that expire after vesting, the recorded value is transferred to deficit.

Financing Costs

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has closed. When an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

Income Taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs. Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed.

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

Loss per Share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period which excludes shares held in escrow. All of the escrow shares are considered contingently returnable until the Company completes a Qualifying Transaction and, accordingly, are not considered to be outstanding shares for the purposes of the loss per share calculation.

Diluted loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. In periods that the Company reports a net loss, any stock options or warrants outstanding are excluded from the calculation of diluted loss per share as their inclusion would be anti-dilutive.

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(in Canadian dollars)

Summary of Accounting Estimates and Assumptions

The preparation of these interim financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the interim financial statements and related notes to the interim financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and Company performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Accounting Standards Issued but not yet Applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the

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primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

3. SHARE CAPITAL

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value. Changes to the number of common shares outstanding are as follows:

	Number of Shares	Assigned Value
Inception on January 25, 2018	-	\$ -
Shares issued	2,500,001	125,000
Initial Public Offering shares issued	3,000,000	300,000
Share issue costs	-	(60,538)
Outstanding December 31, 2018	5,500,001	\$ 364,462
Outstanding December 31, 2019	5,500,001	\$ 364,462
Shares issued	4,280,000	214,000
Share issue costs	-	(5,441)
Outstanding September 30, 2020	9,780,001	\$ 573,021

On June 11, 2018, the Company issued 2,500,001 common shares at \$0.05 per share for total proceeds of \$125,000. All common shares were issued to directors and officers of the Company and corporations with common directors or officers as the Company. The loss per share calculations exclude these 2,500,001 common shares held in escrow.

On August 20, 2018, the Company completed its initial public offering (“IPO”) of 3,000,000 common shares at \$0.10 per common share for gross proceeds of \$300,000. The Company paid a cash commission of 10% of the gross proceeds, paid a corporate finance fee of \$15,000 and issued to the IPO agent 300,000 non-transferable agent’s warrants (the “Agent’s Warrants”) to purchase an aggregate of 300,000 common shares of the Company at an exercise price of \$0.10 per share. The Company originally recognized \$15,918 for share-based payments related to the Agent’s Warrants. On August 20, 2020, the Agent’s Warrants expired unexercised. Accordingly, the Company reversed the \$15,918 share-based payment in the third quarter of 2020.

On August 26, 2020, the Company completed a non-brokered private placement financing of 4,280,000 common shares of the Company at a price of \$0.05 per common share for gross proceeds of \$214,000. The Company did not pay cash commissions or corporate finance fees in connection with the offering. The Company recognized \$5,441 in share issue costs associated with the private placement.

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For the Three and Nine Months Ended September 30, 2020 and 2019

(Unaudited – Prepared by Management)

(in Canadian dollars)

Escrowed Shares

Pursuant to an escrow agreement dated August 2, 2018 (the “Escrow Agreement”) between the Company and certain shareholders of the Company, 2,500,001 common shares (the “Escrowed Shares”), being all of the issued and outstanding common shares prior to the completion of the initial public offering, were deposited in escrow. Pursuant to the Escrow Agreement, the Escrowed Shares shall be released pro-rata to the shareholders as to 10% upon issuance of notice of final acceptance of a Qualifying Transaction by the Exchange and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These Escrowed Shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

All common shares granted to directors and officers prior to the completion of a QT, must also be deposited in escrow until the final exchange bulletin is issued by the Exchange. All common shares of the Company acquired in the secondary market prior to the completion of a QT by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer following the completion of a QT will also be subject to escrow.

Share-based Payments

	Stock Options			Agent’s Warrants			Total
	Number of stock options	Weighted average exercise price	Estimated fair value of stock options	Number of Agent’s Warrants	Weighted average exercise price	Estimated fair value of Agent’s Warrants	
Inception on January 25, 2018	-	\$ -	\$ -	-	\$ -	\$ -	\$ -
Granted	550,000	0.10	49,414	300,000	0.10	15,918	65,332
Balance, December 31, 2018	550,000	\$ 0.10	\$ 49,414	300,000	\$ 0.10	\$ 15,918	\$ 65,332
Balance, December 31, 2019	550,000	\$ 0.10	\$ 49,414	300,000	\$ 0.10	\$ 15,918	\$ 65,332
Expiry of Agent’s Warrants				(300,000)	0.10	(15,918)	(15,918)
Balance, September 30, 2020	550,000	\$ 0.10	\$ 49,414	-	-	-	\$ 49,414

Stock Options

The Company has adopted an incentive stock option plan in accordance with the policies of the Exchange (the “Stock Option Plan”) which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The options will be exercisable for a period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors will determine the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the Exchange.

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On August 20, 2018, the Company granted 550,000 stock options to directors and officers with an exercise price of \$0.10. The stock options will be exercisable for a period of ten years expiring on August 20, 2028. The Company recognized \$49,414 for share-based payments. The fair value of the stock options was estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 2.25%, an expected dividend yield of nil, an expected annual volatility of the Company's share price of 100%, a weighted average expected life of 10 years, and a forfeiture rate of 0%. The fair value of the stock options was approximately \$0.09 per option. The expected volatility assumption is based on the estimated volatility of early stage companies trading on the Exchange. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the stock options' expected life.

As at September 30, 2020, the following stock options were issued and outstanding:

Number Outstanding	Number Exercisable	Exercise Price (\$)	Expiry Date	Weighted average Remaining Life (Years)
550,000	550,000	0.10	August 20, 2028	7.89

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

Capital is composed of the Company's shareholders' equity and any debt that it may issue. As at September 30, 2020, the Company's shareholders' equity was \$405,558 (December 31, 2019 - \$239,103). The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its on-going 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's current capital was received from the issuance of common shares. The net proceeds raised to date will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a QT. Additional funds may be required in the longer-term to finance the Company's QT.

The Company is not subject to any externally imposed capital requirements other than Exchange rules related to Capital Pool Corporations.

Risk Disclosures and Fair Values

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

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(in Canadian dollars)

5. RELATED PARTY TRANSACTIONS

Under IFRS, parties are considered to be related if one party has the ability to “control” (financially or by share capital) the other party or have significant influence (management) on the other party in making financial, commercial and operational decisions.

During the period from January 25, 2018 (date of inception) to September 30, 2020, directors and officers of the Company, and corporations with common directors or officers as the Company, subscribed for 2,700,001 common shares and were issued \$49,414 in share-based compensation.

6. SUBSEQUENT EVENTS

Proposed Transaction

On October 5, 2020, the Company announced that it had entered into a non-binding LOI with respect to a proposed reverse takeover of the Company (the "Proposed Transaction") by CX One and Frontera, anticipated to be completed by way of a three-cornered amalgamation. Following the completion of the Proposed Transaction, the resulting entity will hold all of the assets and continue the business of CX One and Frontera, namely the exploration and development of a gold property located in Nevada, USA, under the name "Bald Eagle Gold Corp.". The Proposed Transaction remains subject to a number of conditions including the completion of a CX One financing for minimum aggregate gross proceeds of C\$1,500,000.

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to complete the QT or finance its operations.