

**LAMASKA CAPITAL CORP.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JANUARY 31, 2021**

**Expressed in Canadian Dollars**

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF LAMASKA CAPITAL CORP.

#### *Opinion*

We have audited the financial statements of Lamaska Capital Corp. (the "Company"), which comprise:

- ◆ the statements of financial position as at January 31, 2021 and 2020;
- ◆ the statements of loss and comprehensive loss for the year ended January 31, 2021 and the period from incorporation on February 6, 2019 to January 31, 2020;
- ◆ the statements of changes in shareholders' equity for the year ended January 31, 2021 and the period from incorporation on February 6, 2019 to January 31, 2020;
- ◆ the statements of cash flows for the year ended January 31, 2021 and the period from incorporation on February 6, 2019 to January 31, 2020; and
- ◆ the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2021 and 2021, and its financial performance and its cash flows for the year ended January 31, 2021 and for the period from incorporation on February 6, 2019 to January 31, 2020 in accordance with International Financial Reporting Standards ("IFRS").

#### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

#### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$87,060 during the year ended January 31, 2021. As stated in Note 1, this event, along with other matters set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management's Discussion & Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

## *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the 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.

## *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the 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 auditors' report is Kevin Yokichi Nishi.

*Smythe LLP*

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May 28, 2021

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**LAMASKA CAPITAL CORP.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
Expressed in Canadian Dollars

	<b>For the year ended January 31, 2021</b>	<b>Period from Incorporation on February 6, 2019 to January 31, 2020</b>
<b>EXPENSES</b>		
Banking fees	\$ 45	\$ 87
Filing and regulatory fees	21,769	15,129
Office	1,729	-
Professional fees	40,701	8,155
Share-based compensation (Notes 3 and 4)	19,700	-
Transfer agent fees	3,116	-
<b>Loss and comprehensive loss for the period</b>	<b>\$ (87,060)</b>	<b>\$ (23,371)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.04)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>2,274,590</b>	<b>-</b>

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

**LAMASKA CAPITAL CORP.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
Expressed in Canadian Dollars

	Share Capital		Contributed Surplus	Deficit	Total
	Number of Shares	Capital Stock			
<b>Balance, February 6, 2019 (Incorporation)</b>	<b>1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
Repurchase and cancellation of incorporation share	(1)	-	-	-	-
Issuance of common shares	2,000,000	100,000	-	-	100,000
Net loss for the period	-	-	-	(23,371)	(23,371)
<b>Balance, January 31, 2020</b>	<b>2,000,000</b>	<b>100,000</b>	<b>-</b>	<b>(23,371)</b>	<b>76,629</b>
Issuance of common shares	2,500,000	250,000	-	-	250,000
Share issuance cost - cash	-	(44,250)	-	-	(44,250)
Share issuance cost – compensation options	-	(14,200)	14,200	-	-
Share-based compensation	-	-	19,700	-	19,700
Net loss for the year	-	-	-	(87,060)	(87,060)
<b>Balance, January 31, 2021</b>	<b>4,500,000</b>	<b>\$ 291,550</b>	<b>\$ 33,900</b>	<b>\$ (110,431)</b>	<b>215,019</b>

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

**LAMASKA CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Expressed in Canadian Dollars  
**FOR THE YEAR ENDED JANUARY 31, 2021**

	<b>For the year ended January 31, 2021</b>	<b>Period from Incorporation on February 6, 2019 to January 31, 2020</b>
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (87,060)	\$ (23,371)
Item not involving cash		
Share-based compensation	19,700	-
Changes in non-cash working capital		
Commodity tax receivable	(2,807)	-
Accounts payable and accrued liabilities	(7,583)	17,916
Net cash used in operating activities	(77,750)	(5,455)
<b>FINANCING ACTIVITIES</b>		
Private placements	250,000	100,000
Share issuance cost	(32,250)	-
Deferred financing cost	-	(12,000)
Net cash provided by financing activities	217,750	88,000
<b>Change in cash for the period</b>	<b>140,000</b>	<b>82,545</b>
<b>Cash, beginning of period</b>	<b>82,545</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 222,545</b>	<b>\$ 82,545</b>
<b>Supplemental cash flow disclosure</b>		
Prepaid expenses reclassified to share issuance costs	\$ 12,000	\$ -
Fair value of compensation options	\$ 14,200	\$ -
Taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

There were no cash investing activities for the year ended January 31, 2021 or the period from incorporation on February 6, 2019 to January 31, 2020.

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

**1. NATURE OF BUSINESS AND GOING CONCERN**

Lamaska Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 6, 2019. The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO” or “Offering”) on the TSX Venture Exchange (“Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the Exchange. The principal business of the Company is 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 significant assets. The Company’s head office is Suite 507, 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6, Canada. The Company’s registered and records office is located at 2200 – 885 West Georgia Street, Vancouver, British Columbia V6C 3E8, Canada.

On July 14, 2020, the Company completed its IPO and started trading on the Exchange under the symbol “LCC.P”.

These financial statements have been prepared in accordance with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has not generated any revenues and its continuing operations as intended are dependent upon its ability to complete a QT as discussed above. Further, the Company incurred a net loss of \$87,060 during the year ended January 31, 2021 (period ended January 31, 2020 - \$23,371). These material uncertainties may cast significant doubt on the entity’s ability to continue as a going concern. The financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business. Such adjustments could be material.

COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company’s financing capabilities. The extent to which COVID-19 may impact the Company’s business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the virus. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these financial statements, these conditions could have a significant adverse impact on the Company’s financial position and results of operations for future periods.

**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

**Basis of presentation**

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, or fair value through other comprehensive loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements are presented in Canadian dollars unless otherwise noted. The Company’s functional currency is the Canadian dollar.

The financial statements of the Company for the year ended January 31, 2021 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 28, 2021.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

### **Estimates, judgments and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

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

#### Significant Judgment

- Going concern - The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

#### Significant Estimate

- Share-based compensation - The fair value of stock options granted are measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. The Company estimates volatility based on historical share price of comparable companies, excluding specific time frames in which volatility was affected by specific transactions that are not considered to be indicative of the entities' expected share price volatility. The expected life of the options is based on historical experience and general option holder behaviour. Dividends were not taken into consideration as the Company does not expect to pay dividends.

### **Financial instruments**

The Company classifies all financial instruments as fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVTOCI"), financial assets/liabilities at amortized cost. Management determines the classification of its financial assets and liabilities at initial recognition.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. The Company classifies cash as FVTPL.

Financial assets at amortized cost are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets carried at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the financial asset.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on de-recognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

## **2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)**

### **Financial instruments (cont'd...)**

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

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

The Company's financial instruments classified as Level 1 are cash and accounts payable. Their carrying values approximate fair value due to their short-term maturity.

### **Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position 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. The following temporary differences are not provided for: 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 statement of financial position 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.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### **Capital stock**

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**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.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

**Share-based compensation**

The Company records all share-based compensation at fair value. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized through profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received.

When the value of goods or services received in exchange for the share-based compensation cannot be reliably estimated, the fair value is measured by use of a valuation model.

Options and warrants issued as consideration in connection with common share placements are recorded at their fair value on the date of issuance as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options, agent options and warrants, share capital is recorded for the consideration received and for the fair value amounts previously recorded to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based compensation.

### **3. CAPITAL STOCK**

#### **Authorized share capital**

Unlimited number of common shares without par value.

#### **Share issuances**

During the year ended January 31, 2021, the Company issued:

- 2,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$200,000 pursuant to a final prospectus. The Company paid a cash commission of \$20,000, corporate finance fee of \$10,000, other share issuance costs of \$14,250 and granted 200,000 compensation options (fair valued at \$14,200). Each compensation option is exercisable at a price of \$0.10 expiring on July 14, 2022.
- 500,000 common shares at a price of \$0.10 per common share for gross proceeds of \$50,000.

During the period from incorporation on February 6, 2019 to January 31, 2020, the Company issued:

- 1 common share for \$0.05 upon incorporation. The Company subsequently repurchased this share for the same amount and cancelled the common share; and
- 2,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$100,000.

#### **Escrow shares**

On January 31, 2021, the Company had 2,000,000 shares held in escrow. Under the escrow agreement, 10% of the escrowed common shares will be released from escrow upon the closing and acceptance of the Qualifying Transaction (the "Initial Release") and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

#### **Stock option plan**

The Company has a stock option plan in place under which it is authorized to grant options to directors, senior officers, employees, management company employees, and consultants to acquire up to 10% of the issued and outstanding common shares. Under the plan, the maximum issuance in any 12-month period is limited for any consultant or person providing investor relations services to 2%, and 5% for any other participant. The exercise price of the shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange. The options can be granted for a maximum term of ten years. Options issued for investor relations services will be subject to a vesting schedule of at least 12 months whereby no more than 25% of the options granted may vest within any three-month period. All other vesting terms are determined by the Board of Directors.

During year ended January 2021, the Company:

- granted 200,000 compensation options to its brokers pursuant to IPO, exercisable at a price of \$0.10 per share, expiring on July 14, 2022. The estimated fair value of the options is \$14,200.
- granted 200,000 stock options to officers and directors of the Company, exercisable at a price of \$0.10 per share, expiring on July 14, 2030. The estimated fair value of the options is \$19,700.

**LAMASKA CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Expressed in Canadian Dollars  
**FOR THE YEAR ENDED JANUARY 31, 2021**

**3. CAPITAL STOCK (cont'd...)**

**Stock option plan (cont'd...)**

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

	Options	Weighted Average Exercise Price
<b>Balance, February 6, 2019 (Incorporation) and January 31, 2020</b>	-	\$ -
Granted	400,000	0.10
<b>Balance, January 31, 2021</b>	400,000	\$ 0.10
<b>Exercisable, January 31, 2021</b>	400,000	\$ 0.10

As at January 31, 2021, the Company had the following stock options outstanding:

Options Outstanding	Exercise Price	Expiry Date
200,000	\$0.10	14-July-22
200,000	\$0.10	14-July-30
400,000		

When the Company issues stock options, it records a share-based compensation in the year or period in which the options are granted and/or vested. The expense is estimated using the following assumptions:

- The risk-free interest rate is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the stock options.
- The Company used historical data of comparable companies to estimate option exercise, forfeiture and employee termination within the valuation model.
- The Company has not paid and does not anticipate paying dividends on its common shares. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period.
- Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the share-based compensation recorded in the accompanying financial statements of operations and comprehensive loss.

The following weighted average assumptions were used for the Black-Scholes option pricing model to estimate the value of stock options granted during the year ended January 31, 2021:

<b>2021</b>	
Risk-free interest rate	0.41%
Expected life of options	6.00 years
Expected annualized volatility	150.00%
Expected dividend rate	0.00%

**4. RELATED PARTY TRANSACTIONS**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers and Board of Director members.

During the year ended January 31, 2021, the Company recorded share-based compensation of \$19,700 (from incorporation on February 6, 2019 to January 31, 2020 - \$Nil) related to options granted to officers and directors of the Company.

**5. CAPITAL MANAGEMENT**

The Company defines its capital as shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. There were no changes in the Company's approach to capital management during the year ended January 31, 2021.

**6. FINANCIAL RISK FACTORS**

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

Cash and accounts payable are carried at a fair value using a level 1 fair value measurement. The carrying value of these financial instruments approximate their fair values due to the short-term nature of the instruments.

*Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfil its obligations. The Company's management believes it has no significant credit risk as its cash is held with a major Canadian financial institution.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At January 31, 2021, the Company had a cash balance of \$222,545 (2020 - \$82,545) and \$10,333 (2020 - \$17,916) of accounts payable and accrued liabilities. The Company's accounts payable and accrued liabilities 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 interest rates and foreign exchange rates prices. The Company is not exposed to any significant market risk at January 31, 2021.

**LAMASKA CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Expressed in Canadian Dollars  
**FOR THE YEAR ENDED JANUARY 31, 2021**

**7. INCOME TAXES**

A reconciliation of income taxes at statutory rate with the reported taxes is as follows:

	<b>2021</b>	<b>2020</b>
Loss for the year	\$ (87,060)	\$ (23,371)
Canadian statutory tax rate	27%	11%
Expected income tax recovery at statutory rates	\$ (23,506)	\$ (2,571)
Items not deductible for tax purposes	5,319	-
Effect of change in tax rates	(3,739)	-
Origination and reversal of temporary differences	(11,948)	-
Change in unrecognized benefit of non-capital loss	33,874	2,571
Income tax recovery	\$ -	\$ -

The significant components of the Company's deferred tax assets that have not been included on the Statement of Financial Position is as follows:

	<b>2021</b>	<b>2020</b>
Non-capital losses	\$ 26,887	\$ 2,571
Share issue costs	9,558	-
Unrecognized deferred tax asset	\$ 36,445	\$ 2,571

The Company has non-capital loss carry-forwards at January 31, 2021 of \$99,581 which may be available to reduce taxable income in future years. The potential of these losses has not been recognized as a deferred tax recovery, as currently it is not probable that such a benefit will be utilized in the foreseeable future. Unless utilized, these losses will begin to expire in 2040.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

**8. SEGMENTED INFORMATION**

The Company's operations comprise a single reporting segment. As the operations comprise a single reporting segment, amounts disclosed in the financial statements for expenses and loss for the period also represent segmented amounts.

All of the Company's operations and assets are in Canada.

**9. SUBSEQUENT EVENT**

Qualifying Transaction

Lamaska has entered into an arm's-length binding letter of intent dated November 11, 2020 with TinOne Resources Corp. ("TOR") whereby Lamaska proposes to acquire all of the issued and outstanding securities of TOR by way of a share exchange, amalgamation or such other form of business combination as the parties may determine.

The Transaction is intended to constitute the Company's "qualifying transaction" pursuant to Policy 2.4 of the TSX-V. Upon successful completion of the proposed acquisition of the securities of TOR (the "Transaction"), it is anticipated that the Company will be listed as a Tier 2 Mining issuer on the Exchange and will carry on the business of TOR.

**9. SUBSEQUENT EVENT** (cont'd...)

Lamaska and TOR will arrange a non-brokered private placement for gross proceeds of up to \$1,500,000 by the issuance of shares of Lamaska at a price of \$0.20 per share.

Pursuant to the Transaction, it is contemplated that the Company will consolidate its share capital on a 2-for-1 basis (the "Consolidation"), following which it will issue post-Consolidation common shares (the "LCC Shares") to the holders of common shares in the capital of TOR (the "TOR Shares") on a 1-for-1 basis.

The Transaction is an arm's length transaction. Upon the completion of the Transaction, it is expected that TOR will become a wholly owned subsidiary of the Company (the "Resulting Issuer").