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**CLUNY CAPITAL CORP.**  
**(a capital pool company)**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Cluny Capital Corp.

### *Opinion*

We have audited the financial statements of Cluny Capital Corp., (the Company), which comprise the statements of financial position as at December 31, 2018 and December 31, 2017 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and December 31, 2017, and its financial performance and its cash flows for the years ended December 31, 2018 and December 31, 2017 in accordance with International Financial Reporting Standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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 Entity incurred a net loss of \$183,302 during the year ended December 31, 2018. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Entity'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 Management's discussion and analysis.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management discussion and analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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.

#### *Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 auditor's report is Octavio Cabral.

*RSM Canada LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
April 26, 2019  
Toronto, Ontario

**Cluny Capital Corp.**  
**Statements of Financial Position**  
(Expressed in Canadian Dollars)

As at December 31,	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ -	\$ 3,774
Funds in trust (note 4)	202,043	-
<b>Total assets</b>	<b>\$ 202,043</b>	<b>\$ 3,774</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 13,077	\$ 12,337
Convertible debenture (note 5)	51,014	-
<b>Total liabilities</b>	<b>64,091</b>	<b>12,337</b>
<b>Equity</b>		
Share capital (note 6)	740,322	456,722
Stock Option Reserves	119,210	84,839
Contributed surplus	44,146	32,300
Deficit	(765,726)	(582,424)
<b>Total equity</b>	<b>137,952</b>	<b>(8,563)</b>
<b>Total liabilities and equity</b>	<b>\$ 202,043</b>	<b>\$ 3,774</b>

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

**Cluny Capital Corp.**  
**Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian Dollars)

<b>Years ended December 31,</b>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
Interest revenue	\$ 2	\$ 98
<b>Expenses</b>		
Professional fees	76,808	65,336
Listing fees	7,333	21,628
Stock based compensation (note 7)	34,371	-
Accretion	6,361	-
Investigation costs	56,500	-
Interest expense	1,931	-
	<b>183,304</b>	<b>86,964</b>
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (183,302)</b>	<b>\$ (86,866)</b>
<b>Basic and diluted net loss for the period (note 7)</b>	<b>\$ (0.04)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding</b>	<b>4,937,810</b>	<b>2,233,700</b>

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

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**Cluny Capital Corp.**

Condensed Interim Statements of Changes in Equity  
Years ended December 31, 2018 and December 31, 2017  
(Expressed in Canadian Dollars)

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Share Capital

	Number of shares	Amount	Stock Option Reserves	Contributed Surplus	Accumulated Deficit	Total
<b>Balance, December 31, 2016</b>	<b>3,733,701</b>	<b>\$ 456,722</b>	<b>\$ 84,839</b>	<b>\$ 32,300</b>	<b>\$ (495,558)</b>	<b>\$ 78,303</b>
Cancellation of seed shares (note 1)	(500,001)	-	-	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(86,866)	(86,866)
<b>Balance, December 31, 2017</b>	<b>3,233,700</b>	<b>\$ 456,722</b>	<b>\$ 84,839</b>	<b>\$ 32,300</b>	<b>\$ (582,424)</b>	<b>\$ (8,563)</b>

Share Capital

	Number of shares	Amount	Stock Option Reserves	Contributed Surplus	Accumulated Deficit	Total
<b>Balance, December 31, 2017</b>	<b>3,233,700</b>	<b>\$ 456,722</b>	<b>\$ 84,839</b>	<b>\$ 32,300</b>	<b>\$ (582,424)</b>	<b>\$ (8,563)</b>
Private placement (note 6(b))	6,000,000	300,000	-	-	-	300,000
Cost of issue	-	(16,400)	-	-	-	(16,400)
Stock based compensation (note 7)	-	-	34,371	-	-	34,371
Equity component of convertible debenture (note 5)	-	-	-	11,846	-	11,846
Net loss and comprehensive loss for the period	-	-	-	-	(183,302)	(183,302)
<b>Balance, December 31, 2018</b>	<b>9,233,700</b>	<b>\$ 740,322</b>	<b>\$ 119,210</b>	<b>\$ 44,146</b>	<b>\$ (765,726)</b>	<b>\$ 137,952</b>

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

**Cluny Capital Corp.**  
**Statements of Cash Flows**  
(Expressed in Canadian Dollars)

Years ended December 31,	2018	2017
<b>Operating activities</b>		
Net loss for the period	\$ (183,302)	\$ (86,866)
Stock based compensation (note 7)	34,371	-
Accretion	6,361	-
Issuance of convertible debenture (note 5)	56,500	-
Non-cash working capital items:		
Accounts payable and accrued liabilities	739	3,026
<b>Net cash used in operating activities</b>	<b>(85,331)</b>	<b>(83,840)</b>
<b>Financing activities</b>		
Issuance of common shares (note 6)	300,000	-
Share issue costs	(16,400)	-
<b>Net cash provided by financing activities</b>	<b>283,600</b>	<b>-</b>
<b>Net change in cash</b>	<b>198,269</b>	<b>(83,840)</b>
<b>Cash, beginning of period</b>	<b>3,774</b>	<b>87,614</b>
<b>Cash, end of period</b>	<b>\$ 202,043</b>	<b>\$ 3,774</b>

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

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# Cluny Capital Corp.

## Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

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### 1. Business of the Company and going concern

Cluny Capital Corp. (the "**Company**") was incorporated under the *Business Corporations Act (Ontario)* on August 11, 2011 and is classified as a Capital Pool Company ("**CPC**") as defined in Policy 2.4 Capital Pool Companies ("**Policy 2.4**") of the TSX Venture Exchange Inc. (the "**Exchange**"). The Company has no significant assets. The Company proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction (as such term is defined in Policy 2.4).

Effective March 13, 2017, the Company was transferred to the NEX trading board of the Exchange. In connection with the transfer to the NEX, a total of 500,001 common shares of the Company issued to non-arm's length parties that constituted "seed shares" under Policy 2.4 have been cancelled. The trading symbol for the Company was changed from CLN.P to CLN.H.

The registered office of the Company is located at 1 First Canadian Place, 100 King Street West, Suite 6000, Toronto, Ontario M5X 1G5.

On April 25, 2019, the directors of the Company approved the financial statements for the years ended December 31, 2018 and 2017.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the year ended December 31, 2018, the Company reported a net loss of \$183,302 (2017 - \$86,866), used net cash in operating activities of \$85,331 (2017 - \$83,840) and has an ending cash balance of \$202,043 (2017 - \$3,774). The Company's ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations or to obtain additional financing. However, there is no assurance that the outcome of these matters will be successful and, as a result, there are material uncertainties that might cause significant doubt regarding the going concern assumption.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements. Such adjustments could be material.

### 2. Basis of presentation

#### *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

#### *Basis of presentation*

The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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**Cluny Capital Corp.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars)**

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**2. Basis of presentation (continued)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant estimates and judgments include the assumptions used for determining the amount of deferred income taxes and deferred income tax assets and liabilities including deferred income tax rate, the estimates of accounts payable and accrued liabilities, convertible debenture valuation and as more fully described in Note 5, calculation of the fair value of stock options issued, as it requires the use of estimates in determining inputs in the stock option valuation models.

**3. Summary of significant accounting policies**

The financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently to the periods presented unless otherwise stated.

**Financial Instruments**

On July 24, 2014, the IASB issued the completed IFRS 9 - Financial Instruments ("IFRS 9") to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"), for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its financial statements on January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on January 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

**Cluny Capital Corp.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars)**

**3. Summary of significant accounting policies (continued)**

**Financial Instruments (continued)**

<b>Classification</b>	<b>IAS 39</b>	<b>IFRS 9</b>
Cash	Loans and receivables	Amortized cost
Funds in trust	Loans and receivables	Amortized cost
Amounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Convertible debenture	Other financial liabilities	Amortized cost

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

*Impairment*

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss for the period. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.”

**Stock-based compensation**

The Company accounts for stock options using the fair value method. Under this method, compensation expense for stock options granted to employees is measured at fair value at the grant date using the Black Scholes option pricing model and recognized over the vesting period of the options granted.

Compensation expense for stock options granted to non-employees is measured at the fair of the goods or services received. However, if the fair value cannot be estimated reliably, the share based payment transaction is measured at the fair value of the stock options granted at the date the Company received the goods or the services using the Black Scholes option pricing model.

**Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options outstanding that may add to the total number of common shares.

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**Cluny Capital Corp.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars)**

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**3. Summary of significant accounting policies (continued)**

**Loss per share (continued)**

Outstanding ordinary shares that are contingently returnable (including escrowed shares) are not treated as outstanding and are excluded from the calculation of basic earnings per share until the date the shares are no longer subject to recall.

**Deferred Taxes**

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

**Share Issuance Costs**

Professional fees, consulting fees and other costs that are directly attributable to financial transactions are charged to share capital when the related shares are issued.

**Future Changes in Accounting Policies**

The Company is currently evaluating the impact of the below standard on its financial performance and financial statement disclosures but expects that such impact will not be material.

The following standard has been issued but is not yet effective:

*IFRS 16, Leases*

The new standard on leases, supersedes IAS 17, Leases, and related interpretations. The standard is effective for years beginning on or after January 1, 2019.

IFRS 16 Leases was issued in January 2016 and replaces IAS 17 Leases. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied.

The Company has not determined that this standard will not have a material impact on its financial statements.

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# Cluny Capital Corp.

## Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

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### 4. Cash restriction

The proceeds raised from the issuance of common shares, prior to completion of the Qualifying Transaction, may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares and \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company. The Company has exceeded this limit. The impact of this violation, if any, is unknown and is ultimately dependent on the Exchange.

### 5. Convertible debenture

On June 6, 2018, the Company completed securities for debt transactions with two arm's length service providers. Pursuant to the transactions the Company issued an aggregate of \$56,500 of unsecured convertible debentures in satisfaction of \$56,500 of indebtedness. The convertible debentures, which mature on June 6, 2019 and accrue interest at 6% per annum, are automatically convertible into an aggregate of 941,666 common shares of the Company at a deemed price of \$0.06 per share concurrent with the closing of a Qualifying Transaction. The Company determined to satisfy the indebtedness with convertible debentures in order to preserve its cash for use on working capital and the identification and evaluation of a Qualifying Transaction. The convertible debentures issued in satisfaction of the indebtedness are subject to a four month hold period from the date of issuance.

The convertible debenture was separated into its liability component of \$44,654 and equity component of \$11,846 using the effective interest rate method with an effective interest rate of 25% per annum. During the year ended December 31, 2018, the Company recorded an accretion expense of \$6,361 (2017 - \$nil) and an interest expense of \$1,931 (2017 - \$nil).

### 6. Share capital

#### a) Authorized share capital

Authorized unlimited common shares

#### b) Common shares issued

	Number of Common Shares	Amount (\$)
<b>Balance, December 31, 2016</b>	<b>3,733,701</b>	<b>456,722</b>
Cancellation of seed shares (note 1)	(500,001)	-
<b>Balance, December 31, 2017</b>	<b>3,233,700</b>	<b>456,722</b>
Private placement	6,000,000	300,000
Cost of issue	-	(16,400)
<b>Balance, December 31, 2018</b>	<b>9,233,700</b>	<b>740,322</b>

On August 20, 2014, the Company completed its initial public offering. The Company issued 2,233,700 common shares at a price of \$0.20 per share for gross proceeds to the Company of \$446,740. As a result of this issuance, the Company had 3,733,701 common shares issued and outstanding, of which 1,500,001 common shares were placed and are held in escrow. Share issue costs incurred with regards to this share issuance exclusive of the agent's options amounted to \$107,719.

**Cluny Capital Corp.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars)**

**6. Share capital (continued)**

b) Common shares issued (continued)

On June 6, 2018, the Company closed a non-brokered private placement for aggregate gross proceeds of \$300,000 through the issuance of 6,000,000 common shares at a price of \$0.05 per share. All shares issued pursuant to the financing are subject to a four month hold period from the date of issuance. The net proceeds will be used by the Company for working capital and the identification and evaluation of a Qualifying Transaction. In connection with the private placement the Company paid finder's fees of an aggregate of \$16,400. The Company received subscriptions from its four new officers and directors for an aggregate amount of \$25,000 for 500,000 common shares. In addition, in accordance with Policy 2.4, 1,300,000 common shares acquired by Non-Arm's Length Parties (as such term is defined by the Exchange) have been placed in escrow pursuant to an Exchange Form 2F *Escrow Agreement*.

The above seed shares are held in escrow pursuant to an Exchange Form 2F *Escrow Agreement* and will be released from escrow in accordance with such agreement. On March 13, 2017, the Company cancelled 500,001 seed shares held by non-arm's length parties in accordance with Exchange policies, as a result of its failure to complete a Qualifying Transaction within the deadline imposed by the Exchange (note 1). As of December 31, 2018 there are 2,300,000 (December 31, 2017 - 1,000,000) common shares held in escrow, and the weighted average shares outstanding does not include shares held in escrow as they are contingently returnable.

**7. Stock options**

The Company issued stock options to acquire common shares as follows:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, December 31, 2016 and December 31, 2017	347,185	0.20
Forfeited <sup>(1)</sup>	(347,185)	0.20
Granted <sup>(1)(2)</sup>	773,370	0.06
Balance, December 31, 2018	773,370	0.06

The following table reflects the actual stock options issued and outstanding as of December 31, 2018:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)	Number of Options Unvested
May 23, 2028	0.06	9.40	323,370	323,370	-
June 6, 2028	0.06	9.44	450,000	450,000	-
	0.06	9.42	773,370	773,370	-

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# Cluny Capital Corp.

## Notes to Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

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### 7. Stock options (continued)

(1) On May 23, 2018, the Company granted 323,370 stock options to new officers and directors of the Company at an exercise price of \$0.06 per common share expiring on May 23, 2028. These options vested immediately. The fair value of these stock options was estimated to be \$14,377 at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions: share price - \$0.05; expected dividend yield - nil; risk free interest rate - 2.37%; expected life - 10.0 years; and expected volatility - 100%.

Upon resignation all of the stock options held by the departing officers and directors were cancelled.

(2) On June 6, 2018, the Company granted 450,000 stock options to new officers and directors of the Company at an exercise price of \$0.06 per common share expiring on June 6, 2028. These options vested immediately. The fair value of these stock options was estimated to be \$19,994 at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions: share price - \$0.05; expected dividend yield - nil; risk free interest rate - 2.26%; expected life - 10.0 years; and expected volatility - 100%.

### 8. Net loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2018 was based on the loss attributable to common shareholders of \$183,302 (year ended December 31, 2017 - loss of \$86,866) and the weighted average number of common shares outstanding of 4,937,810 (year ended December 31, 2017 - 2,233,700), net of escrowed shares.

Diluted loss per share did not include the effect of 773,370 stock options (December 31, 2017 - 347,185) as they are anti-dilutive.

### 9. Related party transactions

Related parties include the directors of the Company, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the year ended December 31, 2018, 773,370 (2017 - nil) stock options were granted to directors and officers which were valued at \$34,371 (2017 - \$nil). There was no further compensation to key management personnel. See note 7 for details.

During the year ended December 31, 2018, the Company incurred \$10,692 (2017 - \$51,910) in legal and agent fees to a law firm where a former director of the Company was a partner. As at December 31, 2018, \$nil (December 31, 2017 - \$2,381) was payable to the firm.

During the year ended December 31, 2018, the Company incurred \$49,400 (2017 - \$nil) in legal fees to a law firm where an officer of the Company is a partner. As at December 31, 2018, \$145 (December 31, 2017 - \$nil) was payable to the firm.

The Company received subscriptions from related parties for an aggregate amount of \$65,000 for 1,300,000 common shares (note 6(b)).

**Cluny Capital Corp.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars)**

**10. Financial Risk Management Objectives and Policies**

**Capital Management**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in note 4.

**Risk Disclosures and Fair Values**

The Company's financial instruments, consisting of cash and accrued liabilities, approximate fair values 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.

As at December 31, 2018, the Company has accounts payable and accrued liabilities of \$13,077 (December 31, 2017 - \$12,337) due within 12 months and has cash and funds in trust of \$202,043 (December 31, 2017 - cash of \$3,774), subject to restrictions (note 4), to meet its current obligations. As a result the Company has minimal liquidity risk.

**11. Proposed Qualifying Transaction**

On July 3, 2018, the Company announced that it has entered into a binding letter of intent dated June 26, 2018 with Ronin Blockchain Corp. ("Ronin"), a wholly-owned subsidiary of Datametrex AI Limited, a reporting issuer listed on the Exchange, for the proposed combination of the businesses of the two companies (the "Proposed Transaction"). The Proposed Transaction is intended to constitute the Company's Qualifying Transaction and would result in a reverse take-over of the Company by Ronin.

On November 15, 2018, the letter of intent for the Proposed Transaction terminated.

**12. Income taxes**

**Income Tax Expense**

The following table reconciles income taxes calculated at combined Canadian federal/provincial tax rates with the income tax expense in the consolidated financial statements:

	<b>2018</b>	<b>2017</b>
Loss before income taxes	\$ (183,302)	\$ (86,866)
Statutory rate	26.50%	26.50%
Expected income tax expense (recovery)	(48,575)	(23,019)
Items not deductible for tax purposes	6,447	-
Change in deferred tax assets not recognized	42,128	23,019
Income tax expense	\$ -	\$ -

**Cluny Capital Corp.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars)**

**12. Income taxes (continued)**

**Deferred Income Taxes**

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

	<b>2018</b>	<b>2017</b>
Deferred tax assets (liabilities)		
Non-capital loss carry forwards	<b>187,078</b>	154,696
Share issue costs and other	<b>15,455</b>	5,709
Total deferred income tax assets	<b>202,533</b>	160,405
Deferred income tax assets not recognized	<b>(202,533)</b>	(160,405)
Net deferred income tax assets	<b>\$ -</b>	<b>\$ -</b>

**Loss Carry Forwards**

As at December 31, 2018, the Company has non-capital tax loss carryforwards of \$704,000 expiring as follows:

2033	\$ 108,000
2034	58,000
2035	100,000
2036	208,000
2037	108,000
2038	<u>122,000</u>
	<u>\$ 704,000</u>