
CT Developers Ltd.
Financial Statements
June 30, 2020
(Expressed in Canadian dollars)



Independent Auditor's Report

To the Shareholders of CT Developers Ltd.

Opinion

We have audited the financial statements of CT Developers Ltd. (the "Company"), which comprise the statements of financial position as at June 30, 2020 and June 30, 2019, and the statements of loss and comprehensive loss, statements of changes in equity and statements of 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 June 30, 2020 and June 30, 2019, and its financial performance and its cash flows for the years then ended 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 Company recorded a net loss of \$ 46,752 and, as at June 30, 2020, the Company had an accumulated deficit of \$ 1,015,560 and a working capital deficit of \$ 53,808. As stated in Note 1, these events or conditions, along with other matters as 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 Management's Discussion and Analysis.

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

In connection with our audit of the 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, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's 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 auditor's 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 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.



D&H Group LLP
Chartered Professional Accountants
10th Floor, 1333 West Broadway
Vancouver, BC V6H 4C1

dhgroup.ca
t 604.731.5881
f 604.731.9923

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 Gordon Cummings.

Vancouver, B.C.
December 10, 2020

"D&H Group LLP"

Chartered Professional Accountants

CT Developers Ltd.
Statements of Financial Position
(Expressed in Canadian dollars)

	June 30, 2020 \$	June 30, 2019 \$
Assets		
Current assets		
Cash (Note 8)	<u>1,855</u>	<u>2,366</u>
	1,855	2,366
Liabilities		
Current liabilities		
Amounts payable and accrued liabilities	<u>55,663</u>	<u>38,422</u>
Shareholders' equity		
Common shares (Note 4)	832,039	832,039
Share subscriptions (Notes 4 and 10)	29,000	-
Share-based payments reserve (Note 5)	100,713	100,713
Retained earnings (deficit)	<u>(1,015,560)</u>	<u>(968,808)</u>
	<u>(53,808)</u>	<u>(36,506)</u>
	1,855	2,366

Nature of operations and going concern (Note 1)

Events after the reporting period (Note 10)

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

These financial statements were approved for issue by the Board of Directors on December 14, 2020 and are signed on its behalf by:

Approved by the Board "Norman Eyolfson", Director "Richard Buzbuzian", Director

CT Developers Ltd.

Statements of Loss and Comprehensive Loss

Years ended June 30, 2020 and 2019

(Expressed in Canadian dollars)

	2020	2019
	\$	\$
Expenses		
Bank charges	778	549
Legal and accounting fees	31,691	60,961
Regulatory fees	5,650	5,652
Transfer agent	<u>8,633</u>	<u>7,509</u>
Net and comprehensive income (loss) for the year	(46,752)	(74,671)
Retained earnings (deficit), beginning of year	<u>(968,808)</u>	<u>(894,137)</u>
Retained earnings (deficit), end of year	(1,015,560)	(968,808)
Net income (loss) per share, basic and diluted	(0.01)	(0.01)
Weighted average number of common shares outstanding	5,458,446	5,458,446

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

CT Developers Ltd.

Statements of Changes in Equity

Years ended June 30, 2020 and 2019

(Expressed in Canadian dollars)

	Common shares		Share	Share-based	Share-based	Retained
	Number	Amount	subscriptions	payments	earnings	Total
	of shares	\$	\$	reserve	(deficit)	equity
				\$	\$	\$
Balance at June 30, 2018	5,458,446	832,309	-	100,713	(894,137)	38,615
Net income (loss) for the year	-	-	-	-	(74,671)	(74,671)
Balance at June 30, 2019	5,458,446	832,039	-	100,713	(968,808)	(36,056)
Net income (loss) for the year	-	-	29,000	-	(46,752)	(17,752)
Balance at June 30, 2020	5,458,446	832,039	29,000	100,713	(1,015,560)	(53,808)

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

CT Developers Ltd.

Statements of Cash Flows

Years ended June 30, 2020 and 2019

(Expressed in Canadian dollars)

	2020	2019
	\$	\$
Cash flows from (used in) operating activities		
Net income (loss) for the year	(46,752)	(74,671)
Changes in non-cash working capital		
Increase in amounts payable and accrued liabilities	<u>17,241</u>	<u>3,802</u>
	(29,511)	(70,869)
Cash flows from financing activity		
Share subscriptions	<u>29,000</u>	<u>-</u>
Increase (decrease) in cash during the year	(511)	(70,869)
Cash, beginning of year	<u>2,366</u>	<u>73,235</u>
Cash, end of year	1,855	2,366

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

CT Developers Ltd.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian dollars)

1. Nature of operations and going concern

CT Developers Ltd. (the "Company") was incorporated under the *Canada Business Corporations Act* (Canada) on April 1, 2011. On November 17, 2011 the Company completed its initial public offering and on November 23, 2011 the Company listed its common shares on the TSX Venture Exchange ("TSXV") as a capital pool company. On November 26, 2013 trading of the Company's common shares on the TSXV was suspended for failure to complete a Qualifying Transaction within the prescribed time. Effective August 19, 2014 the Company's common share listing was transferred to the NEX Board of the TSXV. Upon transition, the Company's trading symbol was changed from DEV.P to DEV.H. The head office of the Company is located at Unit 1 - 1764 Rathburn Road East, Mississauga, Ontario, L4W 2N8.

As at June 30, 2020, the Company had no business operations. As a CPC, the Company's business objective is to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction (as defined in Exchange Policy 2.4) subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future. There is no assurance that the Company will identify and successfully acquire businesses or assets that will produce a profit. Moreover, if a potential business or asset is identified which warrants acquisition or participation, additional funds may be required to complete the acquisition or participation and the Company may not be able to obtain such financing on terms which are satisfactory to the Company.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2020, the Company recorded a net loss of \$ 46,752, has negative working capital of \$ 53,808, incurred accumulated losses amounting to \$ 1,015,560, has not completed a Qualifying Transaction, and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to complete or develop a business, generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These financial statements do not give effect to adjustments that would be necessary to their reported carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. Summary of significant accounting policies

Statement of compliance

These 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 measurement

The Company's financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

CT Developers Ltd.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian dollars)

2. Summary of significant accounting policies - continued

Income taxes

Deferred income taxes are provided in full, using the liability method, on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are determined using income tax rates and income tax laws that have been enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

Share-based payments

The fair value, at the grant date, of equity-settled share awards is charged to comprehensive loss over the period from which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in the share based payments reserve. The fair value of awards is calculated using an option pricing model which considers the following factors:

§ Exercise price	§ Expected life of the award
§ Expected volatility	§ Current market price of the underlying shares
§ Risk-free interest rate	§ Expected forfeitures

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in comprehensive income (loss) in the period in which they arise.

Financial assets and liabilities carried at FVOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in comprehensive income (loss) in the period in which they arise.

CT Developers Ltd.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian dollars)

2. Summary of significant accounting policies - continued

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the expected credit loss has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive income (loss).

Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Revenue recognition

Interest income is recognized as earned, provided that collection is assessed as being reasonably assured.

Related parties

Related parties are parties that have the ability to control or to exercise significant influence over the Company.

Critical judgments and sources of estimation uncertainty

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

CT Developers Ltd.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian dollars)

2. Summary of significant accounting policies - continued

Critical judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- (i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

Estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- (i) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Loss per share

Basic and diluted loss per share is determined by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

3. Basis of presentation

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result 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 could differ from these estimates.

4. Capital and reserves

- (a) At June 30, 2020, the Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.
- (b) As at June 30, 2020, 1,030,000 common shares were held in escrow. The escrow shares will be released over a thirty-six month period commencing upon completion of a Qualifying Transaction and may not be transferred assigned or otherwise dealt without consent of the securities regulatory authorities.
- (c) During the year ended June 30, 2020 the Company received \$ 20,000 for a private placement of 80,000 common shares at \$ 0.25 par share, and \$ 9,000 in connection with a private placement of 2,000,000 common shares at \$ 0.10 per share. See Note 10.

CT Developers Ltd.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian dollars)

5. Share-based compensation

The Company has adopted a share option plan (the “plan”), under which stock options may be awarded to directors, officers, employees and consultants at the discretion of the Board of Directors. The maximum number of share options that may be issued under the plan shall be 10% of the issued and outstanding common shares of the Company on the date of grant. Share options awarded under the plan may be exercisable for up to ten years at exercise prices determined by the Board of Directors at the time of award. The exercise prices shall not be less than market value.

Share options were awarded during the period ended June 30, 2020 as follows:

	Options outstanding
Balance, June 30, 2018, 2019, and 2020	480,000

The following summarizes the outstanding options as at June 30, 2020:

Expiry date	Number of outstanding and exercisable	Exercise price \$
October 23, 2022	480,000	0.06

The weighted average exercise price, as at June 30, 2020, of share options awarded and outstanding is \$ 0.06.

6. Financial instruments

Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); fair value through other comprehensive income (“FVOCI”) or at amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

Financial instrument	Category	June 30, 2020 \$	June 30, 2019 \$
Cash	FVTPL	1,855	2,366
Amounts payable and accrued liabilities	Other financial liabilities	55,663	38,422

CT Developers Ltd.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian dollars)

6. Financial instruments - continued

Fair value

IFRS 7 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

- § Level 1 - applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- § Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- § Level 3 - applies to assets or liabilities for which there are unobservable market data.

The carrying value of amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. Pursuant to IFRS 7, the fair value of cash is measured on a recurring basis based on Level 1 inputs.

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations to the Company. The Company's credit risk is primarily attributable to cash and amounts receivable. The maximum potential loss on all financial instruments is equal to the carrying amount of those items.

7. Capital risk management

The Company manages, as capital, the components of shareholders' equity and its cash. The Company's objectives, when managing capital, are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue common shares, borrow or adjust the amount of cash. The Company does not anticipate the payment of dividends in the foreseeable future.

The Company's policy is to invest its cash in highly liquid, short-term, interest-bearing investments with maturities of 90 days or less from the date of acquisition.

8. Cash restriction

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until the completion of a Qualifying Transaction by the Company, as defined under policy 2.4 of the Exchange.

CT Developers Ltd.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian dollars)

9. Income taxes

The provision for income taxes differs from the amount that would have been obtained by applying the statutory income tax rate of 26.5% (2019 - 26.5%) to the Company's net loss. The difference results from the following items:

	2020 \$	2019 \$
Expected income tax expense (recovery)	(13,000)	(21,000)
Unrecognized benefit of loss carryforwards	<u>13,000</u>	<u>21,000</u>
Provision for income taxes (recovery)	-	-

The income tax effects of temporary differences that give rise to significant components of deferred income tax assets and liabilities are as follows:

	2020 \$	2019 \$
Deferred income tax assets and liabilities are as follows:		
<i>Deferred income tax assets</i>		
Non-capital loss carry-forwards	264,000	252,000
Valuation allowance	<u>(264,000)</u>	<u>(252,000)</u>
	-	-

The Company has non-capital losses for income tax purposes of approximately \$ 998,000 (2019 - \$ 951,000) available to reduce future years' taxable income. The benefit of these non-capital losses has not been recognized in the Company's accounts as it is not probable such benefit will be realized. The non-capital losses expire between the 2032 and 2040 fiscal years.

10. Events after the reporting period

Subsequent to June 30, 2020 the Company received an additional \$ 191,000 in connection with a private placement of 2,000,000 common shares to be issued at \$ 0.10 per share.