

FOREMOST VENTURES CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

SIX MONTHS ENDED AUGUST 31, 2019

These unaudited condensed consolidated interim financial statements of Foremost Ventures Corp. for the six months ended August 31, 2019 have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

FOREMOST VENTURES CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	August 31, 2019	February 28, 2019 (audited)
ASSETS		
Current		
Cash	\$ 155,363	\$ 201,010
Receivables (Note 6)	<u>22,500</u>	<u>-</u>
	<u>\$ 177,863</u>	<u>\$ 201,010</u>
LIABILITIES		
Account payable	\$ -	\$ 5,460
Accrued liabilities	<u>7,500</u>	<u>12,598</u>
	<u>7,500</u>	<u>18,058</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	225,872	225,872
Reserve (Note 4)	40,704	40,704
Deficit	<u>(96,213)</u>	<u>(83,624)</u>
	<u>170,363</u>	<u>182,952</u>
	<u>\$ 177,863</u>	<u>\$ 201,010</u>

Nature and continuance of operations (Note 1)

Proposed transaction (Note 6)

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

FOREMOST VENTURES CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Three Months Ended August 31, 2019	Three Months Ended August 31, 2018	Six Months Ended August 31, 2019	Six Months Ended August 31, 2018
EXPENSES				
Administration	\$ 44	\$ 247	\$ 165	\$ 622
Professional fees (Note 10)	7,599	4,106	7,599	10,991
Share-based payments (Note 7)	-	30,076	-	30,076
Transfer agent and filing fees	<u>2,031</u>	<u>688</u>	<u>4,825</u>	<u>17,968</u>
Loss and comprehensive loss for the period	\$ (9,674)	\$ (35,117)	\$ (12,589)	\$ (59,657)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.02)
Weighted average number of common shares outstanding	4,000,000	3,673,913	4,000,000	3,673,913

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

FOREMOST VENTURES CORP.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollar)

(Unaudited – prepared by management)

	Share capital		Deficit	Reserve	Total shareholders' equity
	Common shares	Amount			
Balance, February 28, 2018	2,000,000	\$ 100,000	\$ (116)	\$ -	\$ 99,884
Shares issued for cash	2,000,000	200,000	-	-	200,000
Share issuance costs	-	(63,628)	-	10,628	(53,000)
Share-based payments	-	-	-	30,076	30,076
Net loss for the period	-	-	(59,657)	-	(59,657)
Balance, August 31, 2018	4,000,000	236,372	(59,773)	40,704	217,303
Balance, February 28, 2019	4,000,000	\$ 225,872	\$ (83,624)	\$ 40,704	\$ 182,952
Net loss for the period	-	-	(12,589)	-	(12,589)
Balance, August 31, 2019	4,000,000	\$ 225,872	\$ (96,213)	\$ 40,704	\$ 170,363

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

See Note 4.

FOREMOST VENTURES CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED AUGUST 31,
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	2019	2018
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	\$ (12,589)	\$ (59,657)
Item not affecting cash:		
Share-based payments	-	30,076
Change in non-cash working capital item:		
Prepaid expenses	-	23,125
Receivables	(22,500)	-
Accounts payable	(5,460)	-
Accrued liabilities	(5,098)	-
Net cash used in operating activities	<u>(45,647)</u>	<u>(6,456)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issuance of share capital	-	200,000
Share issuance costs	-	(53,000)
Net cash from financing activities	<u>-</u>	<u>147,000</u>
Change in cash during the period	(45,647)	140,544
Cash, beginning of period	<u>201,010</u>	<u>66,759</u>
Cash, end of period	<u>\$ 155,363</u>	<u>\$ 207,303</u>

There were no non-cash transactions during the six months ended August 31, 2019 and 2018.

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

FOREMOST VENTURES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED AUGUST 31, 2019
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Foremost Ventures Corp. (the “Company”) is a company domiciled in Canada. The Company was incorporated on November 28, 2017 under the laws of the Province of British Columbia. The address of the Company’s registered and head office is Suite 1510, 789 West Pender Street, Vancouver, B.C., V6C 1H2.

On June 15, 2018, the Company completed its initial public offering (“IPO”) and its common shares were listed on the TSX-Venture Exchange (“TSX-V”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX-V Corporate Finance Manual. The Company’s principal business is the identification and evaluation of companies, assets or businesses with a view to completing a Qualifying Transaction (“QT”). Such a transaction will be subject to shareholder and regulatory approval.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to evaluate and complete a QT, continue to raise adequate financing and to commence profitable operations in the future. Further discussion of liquidity risk has been disclosed in Note 5. At August 31, 2019, the Company has a working capital of \$170,183 (February 28, 2019 –\$182,952), and an accumulated deficit of \$96,213 (February 28, 2019 - \$83,625).

The Company generates minimal cash flow from operations and therefore relies upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations to the extent such instruments are issuable under terms acceptable to the Company. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements, and/or continue as a going concern, then material adjustments would be required to the carrying value of assets and liabilities and the statement of financial position classifications used. These financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended February 28, 2019.

FOREMOST VENTURES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED AUGUST 31, 2019
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2. BASIS OF PRESENTATION (continued)

Approval of the financial statements

The unaudited condensed interim consolidated financial statements of the Company for the six months ended August 31, 2019 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on October 23, 2019.

Basis of preparation

The financial statements of the Company comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Presentation and functional currency

The functional currency of the Company is the Canadian dollar, which is also the presentation currency of the financial statements.

Significant accounting judgments and estimates

The preparation of these financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The preparation of these financial statements also requires management to exercise judgment in the process of applying the accounting policies.

The preparation of financial statements in accordance with IFRS requires the Company to make judgements apart from those involving estimates, in applying accounting policies. Management has determined that the only significant judgement applying to the financial statements for the year ended February 28, 2019 is the Company’s ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Recent accounting pronouncements

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual periods beginning on or after August 31, 2019. These standards have been assessed to not have a significant impact on the Company’s financial statements.

4. SHARE CAPITAL

Authorized

Unlimited common shares without par value

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4. SHARE CAPITAL (continued)

Issued

During the period ended February 28, 2018, the Company issued 2,000,000 common shares at a price of \$0.05 for gross proceeds of \$100,000.

On June 15, 2018, the Company completed its IPO and issued 2,000,000 common shares for gross proceeds of \$200,000. The Company incurred costs of \$43,500, paid a finder’s fee of \$20,000 and issued 200,000 agent warrants, entitling the holder to acquire one common share per warrant for \$0.10 for a period of two years. The Company has estimated the fair value of the agent warrants to be \$10,628 based on the Black-Scholes Option Pricing Model. The assumptions used for the Black-Scholes valuation of the agent warrants were as follows: a risk-free interest rate of 2.29%, an expected life of two years, a dividend rate of 0%, forfeiture rate of 0%, and an annualized volatility of 100%.

Escrow shares

Pursuant to an escrow agreement dated May 2, 2018, 2,000,000 common shares issued are held in escrow. Under the escrow agreement, 10% of the escrowed shares will be released from escrow on the date of the final TSX-V bulletin (the “Initial Release”) upon completion of a QT and an additional 15% will be released every six months following the initial release over a period of thirty six months.

Reserve

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Any fair value attributed to the warrants is recorded in the reserve. If the warrants expire unexercised, the value attributed to the warrants is transferred to deficit.

Stock options

The Company has a rolling stock option plan (the “Plan”) that authorizes the board of directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the plan. Under the Plan, the exercise price of each option may not be less than the market price of the Company’s shares at the date of grant. Options granted under the Plan will have a term not to exceed five years and be subject to vesting provisions as determined by the board of directors of the Company.

The following table summarizes the Company’s stock option activity:

	Number of Options	Weighted Average Exercise Price
Outstanding, February 28, 2018	-	-
Granted	<u>400,000</u>	\$ 0.10
Outstanding and exercisable, February 28, 2019 and August 31, 2019	<u>400,000</u>	\$ 0.10

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4. SHARE CAPITAL (continued)

Stock options (continued)

During the year ended February 28, 2019, the Company granted 400,000 (2018 – Nil) stock options to directors and officers of the Company. The stock options are exercisable at \$0.10 per option until June 15, 2023. The fair value of the options granted during the year is \$30,076 (2018 - \$Nil), based on the Black-Scholes Option Pricing Model. The weighted average of the fair value per option was \$0.075. The Company used the following assumptions for the Black-Scholes Option Pricing Model:

	2019
Risk-free interest rate	2.49%
Expected life of options	5.0 years
Annualized volatility	100%
Dividend rate	0.00%
Forfeiture rate	0.00%

Warrants

The following table summarizes the Company’s warrant activity:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, February 28, 2018	-	\$ -
Issued	<u>200,000</u>	0.10
Outstanding, February 29, 2019 and August 31, 2019	<u>200,000</u>	\$ 0.10

As at August 31, 2019, the Company had 200,000 warrants exercisable at \$0.10 per warrant to June 15, 2020.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Classification of financial instruments

As at August 31, 2019, the Company’s financial instruments are comprised of cash and account payable. The fair value of these financial instruments approximates their carrying value due to its short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company’s financial instruments are measured using Level 1 inputs.

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5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Financial risk management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist primarily of cash. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. The Company believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial liabilities as they become due. As at August 31, 2019, the Company had a cash balance of \$155,363 to settle future liabilities and as such, is not exposed to significant liquidity risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

d) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy remains unchanged from last year.

The capital structure of the Company consists of equity attributable to common shareholders. The availability of new capital will depend on many factors including positive stock market conditions, and the experience of management. The Company is not subject to any external covenants on its capital.

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5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

d) Capital risk management (continued)

Cash from proceeds of share issuance are restricted pursuant to section 8.4 of TSX-V policy 2.4 (the “Policy”) as follows:

- (a) Until the completion of the QT, no more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Company and \$210,000 may be used for purposes other than as provided in section 8.3.
- (b) Until the completion of the QT, no proceeds from the sale of securities of the Company may be used to acquire or lease a vehicle.
- (c) The restrictions in this Policy on expenditures and the use of proceeds continue to apply until completion of the QT.
- (d) If the Company completes a QT before spending the entire proceeds on identifying and evaluating properties or businesses, the Company may use the remaining funds to finance or partly finance the acquisition of, or participation in the significant assets.

6. PROPOSED TRANSACTION

Subsequent to August 31, 2019, the Company terminated its non-binding letter of intent (“LOI”) with SmartShare Solutions Inc. (“SmartShare”) that they entered into in February 2019. As part of the original LOI, the Company had advanced to SmartShare \$25,000 which was repaid to the Company upon termination of the LOI.

The Company is currently pursuing other potential qualifying transactions.