

# **FOREMOST VENTURES CORP.**

**FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**YEAR ENDED FEBRUARY 28, 2019**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Foremost Ventures Corp.

### Opinion

We have audited the financial statements of Foremost Ventures Corp. (the "Company"), which comprise the statements of financial position as at February 28, 2019 and 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended February 28, 2019 and for the period from November 28, 2017 (date of incorporation) to February 28, 2018, 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 February 28, 2019 and 2018, and its financial performance and its cash flows for the year ended February 28, 2019 and for the period from November 28, 2017 (date of incorporation) to February 28, 2018 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 to the financial statements, which indicates that the Company incurred a net loss of \$83,508 during the year ended February 28, 2019. 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. If, based on the work we have performed, we conclude that there is a 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 Rakesh Patel.

DMCL

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC

June 28, 2019

An independent firm associated with  
Moore Stephens International Limited

**MOORE STEPHENS**

**FOREMOST VENTURES CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT FEBRUARY 28**  
(Expressed in Canadian Dollars)

	2019	2018
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 201,010	\$ 66,759
Prepaid expenses	<u>-</u>	<u>33,125</u>
	<u>\$ 201,010</u>	<u>\$ 99,884</u>
<b>LIABILITIES</b>		
Account payable	\$ 5,460	\$ -
Accrued liabilities	<u>12,598</u>	<u>-</u>
	<u>18,058</u>	<u>-</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 4)	225,872	100,000
Reserve (Note 4)	40,704	-
Deficit	<u>(83,624)</u>	<u>(116)</u>
	<u>182,952</u>	<u>99,884</u>
	<u>\$ 201,010</u>	<u>\$ 99,884</u>

Nature and continuance of operations (Note 1)  
Proposed transaction (Note 7)

Approved by the Board of Directors:

"John Thompson"  
Director

"Frank Stronach"  
Director

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

**FOREMOST VENTURES CORP.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	Year ended February 28, 2019	Period from November 28, 2017 (date of incorporation) to February 28, 2018
<b>EXPENSES</b>		
Administration	\$ 2,408	\$ 161
Professional fees	35,689	-
Share-based compensation (Note 4)	30,076	-
Transfer agent and filing fees	<u>15,335</u>	<u>-</u>
<b>Loss and comprehensive loss</b>	<b>\$ (83,508)</b>	<b>\$ (161)</b>
<b>Loss per common share – basic and diluted</b>	<b>\$ (0.06)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>1,413,699</b>	<b>-</b>

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

**FOREMOST VENTURES CORP.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollar)

	<u>Share capital</u>		Deficit	Reserve	Total shareholders' equity
	Common shares	Amount			
<b>Balance, November 28, 2017 (date of incorporation)</b>	-	\$ -	\$ -	\$ -	-
Shares issued for cash	2,000,000	100,000		-	100,000
Net loss for the period	-	-	(116)	-	(116)
<b>Balance, February 28, 2018</b>	2,000,000	100,000	(116)	-	99,884
Shares issued for cash	2,000,000	200,000	-	-	200,000
Share issuance costs	-	(74,128)	-	10,628	(63,500)
Share-based payments	-	-	-	30,076	30,076
Net loss for the year	-	-	(83,508)	-	(83,508)
<b>Balance, February 28, 2019</b>	4,000,000	\$ 225,872	\$ (83,624)	\$ 40,704	\$ 182,952

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

See Note 4.

**FOREMOST VENTURES CORP.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	Year ended February 28, 2019	Period from November 28, 2017 (date of incorporation) to February 28, 2018
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (83,508)	\$ (116)
Item not affecting cash:		
Share-based payments	30,076	-
Change in non-cash working capital item:		
Prepaid expenses	33,125	(33,125)
Account payable and accrued liabilities	<u>18,058</u>	<u>-</u>
<b>Net cash used in operating activities</b>	<u>(2,249)</u>	<u>(33,241)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on issuance of share capital	200,000	100,000
Share issuance costs	<u>(63,500)</u>	<u>-</u>
<b>Net cash from financing activities</b>	<u>136,500</u>	<u>100,000</u>
<b>Increase in cash during the period</b>	134,251	66,759
<b>Cash, beginning of period</b>	<u>66,759</u>	<u>-</u>
<b>Cash, end of period</b>	<u>\$ 201,010</u>	<u>\$ 66,759</u>

During the year ended February 28, 2019, included in share issuance costs was agent warrants valued at \$10,628.

There were no non-cash transactions during the period from November 28, 2017 (date of incorporation) to February 28, 2018.

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

## **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.

On February 9, 2019, the Company entered into a Letter of Intent (“LOI”) with SmartShare Solutions, Inc. (“SmartShare”), a private corporation existing under the laws of British Columbia. SmartShare offers a cloud-based parking management software solution to cities and private parking operators. Pursuant to the LOI, the Company is proposing to complete a business combination with SmartShare (the “Proposed Transaction”), whereby the shareholders of SmartShare will become shareholders of the combined entity (the “Resulting Issuer”). The Proposed Transaction is an arm’s length transaction and, if completed, will constitute a QT for the Company pursuant to the policies of the TSX-V. See Note 7.

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 February 28, 2019, the Company has a working capital of \$182,952 (2018 –\$99,884), and an accumulated deficit of \$83,624 (2018 - \$116).

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**

### **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.

**2. BASIS OF PRESENTATION** (continued)

**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**

**Share capital**

Common shares:

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Non-monetary consideration:

Where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received or given up is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares is based on the trading price of those shares on the appropriate stock exchange on the date of the agreement to issue or receive shares as determined by the board of directors.

Share-based payment transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where share options are granted to non-employees, fair value is measured at grant date at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

All share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

**FOREMOST VENTURES CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED FEBRUARY 28, 2019  
(Expressed in Canadian Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income taxes**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for unused tax loss carry forwards and 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 nor taxable profit; and differences relating to investments in subsidiaries, associates, and joint ventures 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 end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is more likely than not 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.

**Loss per share**

The Company presents basic and diluted loss per share 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 dilutive potential common shares.

**Financial instruments**

The Company adopted all of the requirements of IFRS 9 Financial Instruments on March 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking “expected loss” impairment model.

**FOREMOST VENTURES CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Financial instruments** (continued)

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(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 (loss) ("FVTOCI") 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 FVTOCI. 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.

The Company completed a detailed assessment of its financial assets and liabilities as at March 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

<u>Financial assets/liabilities</u>	<u>Original Classification IAS 39</u>	<u>New Classification IFRS 9</u>
Cash	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted no reclassifications to the opening accumulated deficit as of March 1, 2018.

(ii) Measurement

**Financial assets and liabilities at amortized cost**

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 at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. 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 the statements of loss in the period in which they arise.

(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 financial asset 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. The Company shall recognize in the statements of loss and comprehensive 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.

**FOREMOST VENTURES CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
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(Expressed in Canadian Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Financial instruments** (continued)

(iv) Derecognition

Financial assets

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.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

**Recent accounting pronouncements**

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual periods beginning on or after February 28, 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

**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.

**FOREMOST VENTURES CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED FEBRUARY 28, 2019**  
(Expressed in Canadian Dollars)

**4. SHARE CAPITAL (continued)**

**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, November 28, 2017 and February 28, 2018	-	-
Granted	<u>400,000</u>	\$ 0.10
Outstanding and exercisable, February 28, 2019	400,000	\$ 0.10

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	2018
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, November 27, 2017 and February 28, 2018	-	\$ -
Issued	<u>200,000</u>	0.10
Outstanding, February 29, 2019	200,000	\$ 0.10

As at February 28, 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 February 28, 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.

**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 February 28, 2019, the Company had a cash balance of \$201,010 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.

**FOREMOST VENTURES CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED FEBRUARY 28, 2019**  
(Expressed in Canadian Dollars)

**5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**c) 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.

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. INCOME TAXES**

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	<b>February 28, 2019</b>	<b>February 28, 2018</b>
Net income (loss)	\$ (83,508)	\$ (116)
Statutory tax rate	27%	26%
Expected income tax recovery	(22,547)	(30)
Non-deductible differences	8,119	-
Change in valuation allowance	14,428	30
Deferred income tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	<b>February 28, 2019</b>	<b>February 28, 2018</b>
Non-capital losses	\$ 2,917	\$ 30
Share issuance costs	11,541	-
	14,458	30
Valuation allowance	(14,458)	(30)
Net deferred tax asset	\$ -	\$ -

The Company has non-capital losses of approximately \$10,000 that may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through 2039. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize these benefits.

**7. PROPOSED TRANSACTION**

Pursuant to the LOI (Note 1), the Company is proposing to complete a business combination with SmartShare by way of share exchange, merger, amalgamation, arrangement or similar form of transaction, whereby the shareholders of SmartShare will become security holders of the Resulting Issuer. The final form of the transaction will be set forth in a definitive agreement to be entered into among the parties that will replace the LOI. Upon completion of the Proposed Transaction, the shareholders of the Company will continue to carry on the business of SmartShare and may complete a name change, as may be approved by the board of directors of the Company and the TSX-V.

The LOI contemplates, that prior to the execution of a definitive agreement, SmartShare will complete a financing of \$350,000.

In conjunction with the Proposed Transaction, the Company will effect a share consolidation on a one-new-for-two-old basis and complete a private placement with gross proceeds of a minimum of \$1,200,000 and up to maximum of \$2,000,000. It is expected that common shares of the Company will be issued on 10.4 basis for each common share of SmartShare, to the shareholders of SmartShare as consideration for 100% of the issued and outstanding common shares of SmartShare. Accordingly, the Proposed Transaction will constitute a reverse takeover of the Company by SmartShare.

The Company will also loan SmartShare up to \$50,000, which will be provided in two installments of \$25,000 each. The first loan instalment will be unsecured and provided to SmartShare on the later of 10 business days of signing the LOI or after the Company receives the necessary regulatory approval for the loan. Subsequent to year end, the first installment of \$25,000 was provided to SmartShare. The first installment is repayable by SmartShare on the earlier of (a) December 31, 2019; and (b) the date which is 30 days after the date on which the LOI is terminated for any reason other than execution of a definitive agreement. The second loan instalment will be secured and provided to SmartShare within SmartShare completing, to the satisfaction of the Company, the appropriate disclosure documents required to be filed by with the TSX-V relating to the Proposed Transaction.

Completion of the Proposed Transaction is subject to a number of conditions, including, but not limited to approval by the Exchange and shareholders' approval if required pursuant to regulatory or corporate law requirements. In addition, completion of the Proposed Transaction is subject to certain standard closing conditions, including the completion of due diligence investigations to the satisfaction of each of the Company and SmartShare, execution of a definitive agreement, and there being no material adverse change in the business of the Company or SmartShare prior to completion of the Proposed Transaction. Closing of the Proposed Transaction is also subject to completion of the offerings under the minimum financing and concurrent private placement.