

Cranstown Capital Corp.

(A Capital Pool Company)

Financial Statements

For the three and six months ended September 30, 2021

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under the National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

CRANSTOWN CAPITAL CORP.
Statement of Financial Position
As at September 30 and March 31, 2021

	September 30, 2021		March 31, 2021	
Assets				
Current Assets				
Cash	\$	475,003	\$	212,445
Total Assets	\$	475,003	\$	212,445
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	\$	2,111	\$	3,866
Total Liabilities		2,111		3,866
Share capital (Note 4)		537,920		212,500
Contributed Surplus		90,622		-
Deficit		(155,649)		(3,921)
Total Shareholders' Equity		472,893		208,579
Total Liabilities and Shareholders' Equity	\$	475,003	\$	212,445

Approved by the Board of Directors

Director (signed by) "Dimitry Serov"

Director (signed by) "Mark Goodman"

The accompanying notes form an integral part of these financial statements

CRANSTOWN CAPITAL CORP.

Statement of Changes in Shareholders' Equity

For the three and six months ending September 30, 2021

	3 months ended September 30, 2021	6 months ended September 30, 2021	From Incorporation on February 2, 2021 to March 31, 2021
Expenses			
Interest and bank charges	\$ 84	\$ 182	\$ 55
Filing fees	2,111	19,589	-
Legal and professional	51,065	62,381	3,866
Office expenses	577	577	-
Stationery and printing	1,207	1,207	-
Share based compensation	67,791	67,791	-
Net loss and comprehensive loss for the period	(122,835)	(151,728)	(3,921)
Basic and diluted loss per share	\$ (0.02)	\$ (0.02)	\$ (0.00)
Weighted average number of common shares outstanding	8,084,462	6,156,754	1,938,597

The accompanying notes form an integral part of these financial statements

CRANSTOWN CAPITAL CORP.

Statement of Changes in Shareholders' Equity

For the three and six months ending September 30, 2021

	Share Capital				Total Shareholders' Equity
	Number of Shares	Amount	Contributed Surplus	Deficit	
Balance at incorporation on February 2, 2021	-	\$ -	\$ -	\$ -	-
Net loss for the period	-	-	-	(3,918)	(3,918)
Shares issued for cash (Note 4)	4,250,000	212,500	-	-	212,500
Balance at March 31, 2021	4,250,000	\$ 212,500	\$ -	(3,918)	\$ 208,579
Net loss for the period	-	-	-	(28,893)	(28,893)
Balance at June 30, 2021	4,250,000	\$ 212,500	\$ -	(32,811)	\$ 179,686

	Share Capital				Total Shareholders' Equity
	Number of Shares	Amount	Contributed Surplus	Deficit	
Balance at March 31, 2021	4,250,000	\$ 212,500	\$ -	(3,921)	\$ 208,579
Shares issued for cash (Note 4)	4,154,000	415,400	-	-	415,400
Share issuance costs (Note 4)	-	(67,150)	-	-	(67,150)
Agent's warrants (Note 4)	-	-	-	-	-
Share based compensation (Note 4, 5)	-	-	117,272	-	(117,272)
Net loss for the period	-	-	-	(83,937)	(83,937)
Balance at September 30, 2021	8,404,000	\$ 560,750	\$ -	(205,127)	\$ 355,623

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CRANSTOWN CAPITAL CORP.
Statement of Cash Flows
For the period from April 1, 2021 to June 30, 2021

	3 months ended September 30, 2021	6 months ended September 30, 2021	From Incorporation on February 2, 2021 to March 31, 2021
Operating Activities			
Net loss for the period	\$ (122,835)	\$ (151,728)	\$ (3,921)
Item not involving cash:			
Change in non-cash working capital item:			
Accounts payable and accrued liabilities	(13,071)	(1,756)	3,866
Net cash flows provided by operating activities	(135,907)	(153,484)	(55)
Financing Activities			
Proceeds from shares subscribed	415,400	415,400	212,500
Share issuance costs	(67,150)	(67,150)	
Share based compensation	67,691	67,791	
Net cash flows provided by financing activities	416,042	416,042	-
Change in cash during the period	280,135	262,558	212,445
Cash, beginning of the period	194,868	212,445	-
Cash, ending of the period	\$ 475,003	\$ 475,003	\$ 212,445

The accompanying notes form an integral part of these financial statements

1. Nature of operations

Cranstown Capital Corp. ("Company") was incorporated under the *Business Corporations Act* (British Columbia) on February 2, 2021 and is a Capital Pool Company under the policies of the TSX Venture Exchange (the "Exchange").

The Company was formed for the primary purpose of completing an initial public offering ("IPO") on the TSX Venture Exchange (the "Exchange") as a Capital Pool Company ("CPC") in accordance with Policy 2.4 *Capital Pool Companies* (the "CPC Policy"). As a CPC, the Company's principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with the CPC Policy of the Exchange (the "Qualifying Transaction"). Until Completion of the Qualifying Transaction (as such term is defined in the CPC Policy), the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

The Company's registered office is at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7.

The Company has no source of operating revenue, has incurred net loss since inception and as at September 30, 2021 has a deficit of \$155,649. Its continued existence will be dependent on the receipt of financing on terms which are acceptable to the Company.

2. Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the directors of the Company on November 29, 2021.

These financial statements are presented in Canadian Dollars, unless otherwise noted and have been prepared on a historical cost basis. The Canadian dollar is the functional and presentation currency of the Company.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

a) Management estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is as follows:

Judgment

Going concern

The Company uses judgment in determining its ability to continue as a going concern in order to discharge its current liabilities via raising additional financing.

3. Significant accounting policies (cont'd)

b) Cash

Cash is comprised of cash on hand and cash on deposit with the Company's financial institution on which it earns variable amounts of interest.

c) Financial instruments

Financial Assets - Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss ("FVTPL"), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified cash as subsequently measured at amortized cost.

Financial Assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its financial assets:

- Subsequently measured at amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of comprehensive loss in the period which it arises.

3. Significant accounting policies (cont'd)

c) Financial instruments (cont'd)

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 credit risk of 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 recognizes in the statement of 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.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and subsequently measured at amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities as financial liabilities held at amortized cost.

d) Income (loss) per share

Income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

e) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not anticipate any material changes to the financial statements upon adoption of these new revised accounting pronouncements.

4. Share capital

a) Common shares

The Company's articles authorize an unlimited number of common shares without par value and an unlimited number of preferred shares.

A summary of changes in common share capital in the period is as follows:

	Number of shares	Amount
Balance at March 31, 2021	4,250,000	\$ 212,500
Shares issued for cash on July 8, 2021	4,154,000	415,400
Balance at September 30, 2021	8,404,000	\$ 627,900

- (i) All 4,250,000 common shares of the Company outstanding at March 31, 2021 are subject to a CPC Escrow Agreement (Form 2F), and will be released from escrow in stages over a period of 18 months from the date of the Final OT Exchange Bulletin (as such term is defined in the CPC Policy).
- b) Initial Public Offering as a Capital Pool Company

During a prior period, the Company entered into Letter of Intent ("LOI") with Hampton Securities Ltd. (the "Agent") whereby the Agent agreed to raise on a commercially reasonable efforts a minimum of \$300,000 and up to \$800,000 in the IPO by the issuance of 3,000,000 to 8,000,000 common shares of the Company at a price of \$0.10 per common share.

Pursuant to the terms of the LOI, the Company agreed to pay to the Agent a commission of 8% of the gross proceeds of the IPO, payable in cash, and a work fee of \$20,000, plus the Agent's legal fees incurred pursuant to the IPO, not to exceed \$20,000 plus disbursements and taxes, and any other reasonable expenses of the Agent.

Subsequent to the date of these financial statement, on July 8, 2021, the Company completed its IPO and listing on the TSX Venture Exchange through the issuance of 4,154,000 shares at a price of \$0.10 per share to raise gross proceeds of \$415,400. The Company granted a total of 332,320 Agent's warrants to the Agent, which are exercisable for a period of 24 months from closing at an exercise price of \$0.10 per share. These Agent's warrants were valued at \$22,830 using the Black Scholes option pricing model. The Company also granted an aggregate of 840,040 incentive stock options to its directors, officers and certain technical consultants, each option is exercisable at a price of \$0.10 per share for a period of ten years, vesting immediately (Note 5)

Following completion of the IPO, the Company now has 8,404,000 common shares outstanding.

c) Stock Options

The Company's stock options are summarized as follows:

	Number of options	Weighted average exercise price
Balance, March 31, 2021	-	\$ -
Granted	840,040	\$0.10
Balance September 30, 2021	840,040	\$ 0.10

The Company granted a total of 840,040 share purchase options to the directors, officers and certain technical consultants on July 8, 2021, the date upon which the Company became listed on the Exchange as a Capital Pool Company. These options will be exercisable at a price of \$0.10 for a period of ten years from the date grant and vest immediately (Note 5). All outstanding options are exercisable as of September 30, 2021.

The fair value of these options were valued at \$67,791, using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 1.26%, an expected life of ten years, an expected volatility of 80%, forfeiture rate of 0% and no expected dividends.

d) Share purchase warrants

The Company's share purchase warrants are summarized as follows:

Warrants outstanding and exercisable	Exercise Price	Expiry Date
Balance September 30, 2021	\$ 0.10	July 7, 2023

On July 8, 2021, upon the completion of the Offering, the Company granted to its agent 332,320 non-transferrable warrants to acquire up to 332,320 shares at a price of \$0.10 per share for a period of 24 months, vesting immediately. As of September 30, 2021, all 332,320 Agent's warrants are outstanding and exercisable.

The fair value of these warrants were valued at \$2,830, using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.48%, an expected life of two years, an expected volatility of 80%, forfeiture rate of 0% and no expected dividends.

5. Related Party Transactions

During the three and six months November 30, 2021, the Company granted 840,040 stock options, which were valued at \$67,791 using the Black Scholes options pricing model, to its directors, officers and certain technical consultants, exercisable at a price of \$0.10 per share for a period of ten years, vesting immediately (Note 4).

6. Financial instruments and risk management

The Company is exposed to the following financial risks:

- i) Market risk
- ii) Credit risk

- iii) Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's share capital as well as the Company's reporting currency is denominated in Canadian Dollars. The Company considers this risk to be minimal.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities and therefore interest rate risk is limited to potential decreases on the interest rate offered on cash held with its financial institution. The Company considers this risk to be minimal.

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada. The Company is not exposed to any material credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board. As at March 31, 2021, all of the Company's financial liabilities are due within one year.

As at September 30, 2021, the Company's working capital was \$472,893 and it does not have any monetary long-term liabilities. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future.

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve investor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.