

MOON RIVER CAPITAL LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020

(Expressed in Canadian Dollars)

UNAUDITED

Notice of disclosure of non-auditor review of consolidated interim financial statements pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying condensed consolidated interim financial statements of the Company for the three and nine month periods ended September 30, 2020 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards and are the responsibility of the Company's management.

The Company's auditors have not performed an audit or a review of these interim financial statements

MOON RIVER CAPITAL LTD.
(Incorporated under the Laws of the Province of Ontario)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Sept 30 <u>2020</u> (unaudited)	December 31 <u>2019</u> (audited)
ASSETS		
Current		
Cash and cash equivalents	\$ 594,074	\$ 399,105
H.S.T. receivable	1,870	-
Prepaid financing costs	<u>-</u>	<u>35,104</u>
	<u>595,944</u>	<u>434,209</u>
	<u>\$ 595,944</u>	<u>\$ 434,209</u>
 LIABILITIES		
Current:		
Accounts payable and accrued liabilities	\$ <u>12,691</u>	\$ <u>11,500</u>
 SHAREHOLDER'S EQUITY		
Capital stock (Note 4)	615,643	440,000
Contributed surplus	35,846	-
Deficit (Page 2)	<u>(68,236)</u>	<u>(17,291)</u>
	<u>583,253</u>	<u>422,709</u>
	<u>\$ 595,944</u>	<u>\$ 434,209</u>

Nature of Operations - Note 1

Approved on behalf of the board on November 3, 2020

"Kerry Knoll"
Kerry Knoll, Director

"Ian McDonald"
Ian McDonald, Director

MOON RIVER CAPITAL LTD.
CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2020
(Expressed in Canadian Dollars)
UNAUDITED

	Nine months to Sept 30 <u>2020</u>	Three months to Sept 30 <u>2020</u>
Expenses:		
Share based payments	22,243	-
Filing and listing	16,172	275
Office expenses	25	-
Professional fees	<u>12,505</u>	<u>2,080</u>
Net loss and comprehensive loss for the period	<u>\$ 50,945</u>	<u>\$ 2,355</u>
Net loss per share basic and diluted	<u>\$ -</u>	<u>\$ -</u>
Weighted average number of shares basic and diluted	<u>10,640,876</u>	<u>10,640,876</u>

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2020
(Expressed in Canadian Dollars)
UNAUDITED

	Common Shares		Contributed Surplus	Deficit	Total Shareholders Equity
	# Shares	\$ Amount			
Balance August 6, 2019	-	-	-	-	-
Common shares issued to Founders	8,800,000	440,000	-	-	440,000
Net loss for the period	-	-	-	(17,291)	(17,291)
Balance December 31, 2019	8,800,000	440,000	-	(17,291)	422,709
Common shares issued - Prospectus offering	2,600,000	175,643	-	-	175,643
Net loss for the period	-	-	-	(50,945)	(50,945)
Balance September 30, 2020	11,400,000	\$ 615,643	\$ 35,846	\$ (68,236)	\$ 583,253

MOON RIVER CAPITAL LTD.
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2020
(Expressed in Canadian Dollars)
UNAUDITED

	<u>2020</u>
Cash was provided by (used in) the following activities:	
Operations:	
Net loss for the period	\$ (50,945)
Items not requiring an outlay of cash:	
Share-based payments	22,243
Net change in non-cash working capital balances related to operations <i>(Note 6)</i>	<u>34,425</u>
	<u>5,723</u>
Financing:	
Capital stock - Prospectus offering	<u>189,246</u>
Net change in cash and cash equivalents,during the period	194,969
Cash and cash equivalents, beginning of period	<u>399,105</u>
Cash and cash equivalents, end of period	<u>\$ 594,074</u>

MOON RIVER CAPITAL LTD.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2020
(Expressed in Canadian Dollars)
UNAUDITED

1. Nature of Operations:

Moon River Capital Ltd. (the "Company") was incorporated under the laws of the Province of Ontario on August 6, 2019. The Company completed its initial public offering on March 20, 2020. The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash.

These unaudited condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern. The proposed business of the Company and the completion of a QT involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified it may not be able to raise funds to finance such an acquisition within the requisite time frame. Additional funds will be required to enable the Company to pursue the acquisition or investment and the Company may be unable to obtain such financing on satisfactory terms. Furthermore, there is no assurance that said acquisition will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern.

2. Significant accounting policies:

(a) Statement of Compliance

These unaudited condensed interim financial statements have been prepared for the three months March 31, 2020, including comparative figures where applicable, in accordance with International Accounting Standard ("IFRS"), and in particular in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). They have been prepared using the accounting policies the Company expects to adopt in its consolidated financial statements as at and for the financial year ending December 31, 2020.

These unaudited condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's December 31, 2019 year end audited financial statements prepared in accordance with IFRS. There are no comparative figures for the three and nine month period ended September 30, 2019 as the Company was incorporated on August 2, 2019 and was inactive in the period August 2, 2019 to September 30, 2019.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and 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 results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(b) Accounting Standards Issued but not yet Effective

There are currently no outstanding accounting standards issued but not yet effective that the Company anticipates will have any material impact on the Company's unaudited condensed financial statements or disclosure.

3. Capital Management:

The Company's policy is to attain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risks characteristic of the underlying assets. As a Company without an operating business, the Company considers its capital structure to be comprised of working capital only. In order to maintain or adjust the capital structure, the Company will adjust its capital spending to manage current and projected expenditure levels.

The Company has not paid or declared any dividends since the date of its incorporation, nor are any dividends contemplated in the foreseeable future.

The Company does not have any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the period.

MOON RIVER CAPITAL LTD.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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4. Capital stock:

Authorized:

Unlimited common shares
Unlimited number of special shares issuable in series

Common shares Issued:

	Number of shares	\$ value
Opening balance, January 1, 2020	8,800,000	\$ 440,000
Issued - prospectus offering	<u>2,600,000</u>	<u>175,643</u>
Balance as at September 30, 2020	<u>11,400,000</u>	<u>\$ 615,643</u>

On January 20, 2020 the Company filed a long form prospectus in the Provinces of Alberta, Manitoba, Saskatchewan, British Columbia and Ontario qualifying the distribution of 2,600,000 common shares for gross proceeds of \$260,000 (net proceeds of \$175,643). In addition, pursuant to the Agency Agreement, the Corporation will grant the Agent's Option to the Agent, or any sub agents, to purchase an aggregate of 260,000 Common Shares at a price of \$0.10 per Common Share, exercisable for a period of 24 months from the date of listing of the Common Shares on the Exchange, which option was also qualified under this prospectus. The Incentive Stock Options to be granted to the directors and officers of the Corporation to purchase, in aggregate, 300,000 Common Shares at a price of \$0.10 per Common Share, exercisable for a period of 5 years from the date of grant, are also qualified under this prospectus.

The common shares issued in the period ended December 31, 2019, being 8,800,000 Common Shares, have been deposited into escrow pursuant to the terms of the Escrow Agreement and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin.

During the period ended December 31, 2019 the Company issued 8,800,000 founders shares at \$0.05 per share for gross proceeds of \$440,000.

Share based payments:

The Company has a common share purchase option plan (the "Plan") for directors, officers, employees, and consultants. Options granted under the Plan generally have a five-year term. Options are granted at a price no lower than the market price of the common shares at the time of the grant.

The change in stock options during the period ended September 30, 2020 is as noted below:

	Number of options	Wtd Avge exc. price
At December 31, 2019	-	\$ -
Issued	560,000	0.10
At September 30, 2020	<u>560,000</u>	<u>\$ 0.10</u>

The following table summarizes information about options outstanding at September 30, 2020:

Exercise price	Number of options	Remaining contractual life in years
0.10	560,000	\$ 3.57

The Company applies the fair value method of accounting for share-based payments using an option pricing model using the following weighted average assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free rate of interest between .56% and .76% and an expected life between 2 and 5 years.

During the period the Company granted 300,000 stock options to directors and officers exercisable at \$0.10 per share until expiry on March 20, 2025. Also during the period the period the Company as part of the Company's prospectus offering it granted to the

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Agent's of the offering 260,000 stock options exercisable at \$0.10 per share until expiry on March 20, 2022.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The weighted average fair value of options granted in the period was \$0.06 per share.

Warrants:

The Company has no warrants outstanding as at September 30, 2020.

5. Related party transactions and balances:

The Company's related parties consist of executive officers, directors and significant shareholders.

<u>Related Party</u>	<u>Item</u>	<u>2020</u>
Key Management Personnel		
	Share-based payments charged to statement of loss	\$ 22,243

Of the common shares issued in the period ended December 31, 2019, 6,000,000 common shares for gross proceeds of \$300,000 were issued to 2 individuals who are directors of the Company and to JB Levy Corp. a company owned by a director.

The above-noted transactions were in the normal course of operations and were measured at the exchange amount, which are the amounts agreed to by the related parties.

6. Supplemental cash flow information:

Net change in non-cash working capital:

	<u>2020</u>	<u>2019</u>
H.S.T receivable	\$ (1,870)	
Prepaid financing costs	\$ 35,104	
Accounts payable and accrued liabilities	1,191	
	<u>\$ 34,425</u>	

7. Financial Risk Management:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash. The Company's cash and short term investments is held through large Canadian Financial Institutions. The Company has no significant concentration of credit risk arising from operations. Management believes the risk of loss to be remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities.

Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations at their maturity. The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company's ability to continue operations and fund its business is dependent on management's ability to secure additional financing. It is anticipated that the Company will continue to rely on equity and debt financing to meet its ongoing working capital requirements.

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not presently have any interest bearing debt and therefore in management's opinion, is not exposed to any significant interest rate risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk. The Company currently does not have any financial instruments that would be impacted by changes in market prices.

Fair value of financial instruments

The Company values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. Level 3 fair values are based on a number of valuation techniques other than observable market data. There are no level 3 values currently recorded on the balance sheet of the Company.

	<u>Level</u>	<u>2020</u>
Fair value through profit and loss		
Cash	Level 1	594,074
Financial liabilities measured at amortized cost		
Accounts payable and accrued liabilities	Level 1	12,691