

MOON RIVER CAPITAL LTD.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2020 AND THE PERIOD FROM INCORPORATION
(AUGUST 6, 2019) TO DECEMBER 31, 2019**

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Moon River Capital Ltd.:

Opinion

We have audited the financial statements of Moon River Capital Ltd. (the "Company"), which comprise the statement of financial position as at December 31, 2020 and 2019, and the statement of comprehensive loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2020 and for the period from incorporation (August 6, 2019) to December 31, 2019, 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 December 31, 2020 and 2019, and its financial performance and its cash flows for the year ended December 31, 2020 and for the period from incorporation (August 6, 2019) to December 31, 2019 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that as of December 31, 2020 the Company has not commenced commercial operations and has no significant assets other than cash. 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:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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:

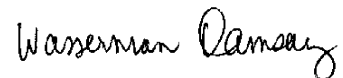
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Kevin Ramsay.

Markham, Ontario
April 12, 2021



Chartered Professional Accountants
Licensed Public Accountants

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Current		
Cash and cash equivalents	\$ 585,827	\$ 399,105
H.S.T. receivable	3,604	-
Prepaid financing costs	<u>-</u>	<u>35,104</u>
	<u>589,431</u>	<u>434,209</u>
	<u>\$ 589,431</u>	<u>\$ 434,209</u>
 LIABILITIES		
Current:		
Accounts payable and accrued liabilities	\$ <u>19,125</u>	\$ <u>11,500</u>
 SHAREHOLDER'S EQUITY		
Capital stock (Note 4)	615,643	440,000
Contributed surplus	35,846	-
Deficit (Page 2)	<u>(81,183)</u>	<u>(17,291)</u>
	<u>570,306</u>	<u>422,709</u>
	<u>\$ 589,431</u>	<u>\$ 434,209</u>

Nature of Operations - Note 1

Approved on behalf of the board on April 12, 2021

"Kerry Knoll"
Kerry Knoll, Director

"Jamie Levy"
Jamie Levy, Director

The accompanying notes form an integral part of these financial statements

MOON RIVER CAPITAL LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND THE PERIOD FROM INCORPORATION
(AUGUST 6, 2019) TO DECEMBER 31, 2019

(comparative period from incorporation (August 6, 201) to December 31, 2019)
(Expressed in Canadian Dollars)

	<u>2020</u>	<u>2019</u>
Expenses:		
Share based payments	22,243	-
Filing and listing	18,330	5,650
Office expenses	25	141
Professional fees	<u>23,294</u>	<u>11,500</u>
Net loss and comprehensive loss for the period	\$ <u>63,892</u>	\$ <u>17,291</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>7,417,687</u>

STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020 AND THE PERIOD FROM INCORPORATION
(AUGUST 6, 2019) TO DECEMBER 31, 2019

(comparative period from incorporation (August 6, 2019) to December 31, 2019)
(Expressed in Canadian Dollars)

	Common Shares		Contributed		Total
	# Shares	\$ Amount	Surplus	Deficit	Shareholders
					Equity
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	-	-	-	(63,892)	(63,892)
Balance December 31, 2020	11,400,000	\$ 615,643	\$ 35,846	\$ (81,183)	\$ 570,306

The accompanying notes form an integral part of these financial statements

MOON RIVER CAPITAL LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(comparative period from incorporation (August 6, 2019) to December 31, 2019)
(Expressed in Canadian Dollars)

	<u>2020</u>	<u>2019</u>
Cash was provided by (used in) the following activities:		
Operations:		
Net loss for the period	\$ (63,892)	\$ (17,291)
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>39,125</u>	<u>(23,604)</u>
	<u>(2,524)</u>	<u>(40,895)</u>
Financing:		
Capital stock	<u>189,246</u>	<u>440,000</u>
Net change in cash and cash equivalents,during the period	186,722	399,105
Cash and cash equivalents, beginning of period	<u>399,105</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 585,827</u>	<u>\$ 399,105</u>

The accompanying notes form an integral part of these financial statements

MOON RIVER CAPITAL LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(Expressed in Canadian Dollars)

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 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 financial statements, including comparatives, have been prepared using accounting policies in compliance with Board"). These financial statements have been prepared on the basis of IFRS standards that were in effect on December 31, 2020. These financial statements were authorized for issue by the Board of Directors on April 12, 2021.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

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) Basis of Measurement

These financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for cash flow information.

(c) Presentation Currency

The Company's presentation currency and functional currency is the Canadian dollar ("\$").

(d) Significant Accounting Judgments and Estimates

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The more significant areas are as follows:

Critical accounting estimates

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values. Deferred income tax assets also result from unused loss carry-forwards and other deductions. The valuation of Deferred income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

MOON RIVER CAPITAL LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(Expressed in Canadian Dollars)

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating unit for assessing and testing impairment.

(e) Cash and Cash Equivalents

Cash and cash equivalents consists of cash, demand deposits and high-interest savings vehicles.

(f) Impairment of Non-Financial Assets

The Company's tangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated. Long-lived assets that are not amortized are subject to an annual impairment assessment.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company considers each mineral property to be a cash-generating unit. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

(g) Share-based Payments

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and services providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of share purchase options granted is recognized as an expense or charged to an asset as appropriate, 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.

The fair value for share purchase options granted to employees or those providing services similar to those provided by a direct employee is measured at the grant date and each tranche is recognized using the accelerated method basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

The fair value for share purchase options granted to non-employees for services provided is measured at the date the services are received. The fair value of the share purchase options granted is measured at the fair value of the services received, unless the fair value of services received cannot be estimated reliably, in which case the fair value of the share purchase options is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

MOON RIVER CAPITAL LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(Expressed in Canadian Dollars)

(h) Income Taxes

Income tax on the profit or loss consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- goodwill not deductible for tax purposes; and
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

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.

(i) Loss per Share

Loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(j) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on fair value through other comprehensive income, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss, components of other comprehensive income and cumulative translation adjustments are presented in the consolidated statements of comprehensive loss and the consolidated statements of changes in shareholders equity.

(k) Financial Instruments

The Company does not have any derivative financial instruments.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost. The Company determines the classification of financial assets at initial recognition.

MOON RIVER CAPITAL LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(Expressed in Canadian Dollars)

Financial assets at Fair-value through profit or loss

Financial instruments classified as fair value through profit and loss are reported at fair value at each reporting date, and any change in fair value is recognized in the statement of operations in the period during which the change occurs. Realized and unrealized gains or losses from assets held at FVPTL are included in losses in the period in which they arise.

Financial assets at Fair-value through other comprehensive income

Financial assets carried at FVTOCI are initially recorded at fair value plus transaction costs with all subsequent changes in fair value recognized in other comprehensive income (loss). For investments in equity instruments that are not held for trading, the Company can make an irrevocable election (on an instrument-by-instrument bases) at initial recognition to classify them as FVTOCI. On the disposal of the investment, the cumulative change in fair value remains in other comprehensive income (loss) and is not recycled to profit or loss.

Financial assets at amortized cost

Financial assets are classified at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. The Company's accounts receivable are recorded at amortized cost as they meet the required criteria. A provision is recorded based on the expected credit losses for the financial asset and reflects changes in the expected credit losses at each reporting period.

Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has elected to measure at FVTPL. The Company's financial liabilities include trade and other payables which are classified at amortized cost.

Impairment

IFRS 9 requires an 'expected credit loss' model to be applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition.

Fair value hierarchy:

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company has valued all of its financial instruments using Level 1 measurements.

MOON RIVER CAPITAL LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(Expressed in Canadian Dollars)

(l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expense ("notional interest").

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

(m) 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.

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 December 31, 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.

MOON RIVER CAPITAL LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(Expressed in Canadian Dollars)

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 December 31, 2020 and 2019 is as noted below:

	Number of options	Wtd Ave exc. price
At December 31, 2019	-	\$ -
Issued	560,000	0.10
At December 31, 2020	560,000	\$ 0.10

The following table summarizes information about options outstanding at December 31, 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 Company as part of the Company's prospectus offering it granted to the 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 December 31, 2020 and 2019.

5. Related party transactions and balances:

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

Related Party	Item	2020	2019
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.

MOON RIVER CAPITAL LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(Expressed in Canadian Dollars)

6. Supplemental cash flow information:

Net change in non-cash working capital:

	<u>2020</u>	<u>2019</u>
H.S.T receivable	\$ (3,604)	\$ -
Prepaid financing costs	\$ 35,104	\$ (35,104)
Accounts payable and accrued liabilities	<u>7,625</u>	<u>11,500</u>
	<u>\$ 39,125</u>	<u>\$ (23,604)</u>

7. Income tax:

The Company has available approximately \$60,919 in non-capital loss carry-forwards which can be used to reduce the amount of tax payable in future years. The potential benefit of these losses has not been recognized in these financial statements and will expire if unused as follows:

2039	17,291
2040	<u>43,628</u>
	<u>\$ 60,919</u>

In addition to the above noted loss-carryforwards, the Company has available approximately \$100,000 in Canadian exploration and development expenditures which may be deducted from taxable income in future years without expiry. The benefit of these amounts has not been recognized in these financial statements.

The Company's effective corporate tax rate varies from the statutory rate of tax in Canada due to the following factors:

	<u>2020</u>	<u>2019</u>
Statutory tax rate	26.50 %	26.50 %
Valuation allowance	(26.50)	(26.50)
Small business deduction	-	-
Share issue costs	<u>-</u>	<u>-</u>
Effective corporate tax rate	<u>- %</u>	<u>- %</u>

The Company has the following Deferred income tax assets:

	<u>2020</u>	<u>2019</u>
Non capital losses	\$ 60,919	\$ 17,456
Investments and Canadian exploration and development expenditures	-	-
Valuation allowance	<u>(60,919)</u>	<u>(17,456)</u>
Benefit recognized in the financial statements	<u>\$ -</u>	<u>\$ -</u>

8. 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.

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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.

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.

	Level	2020	2019
Fair value through profit and loss			
Cash	Level 1	585,827	399,105
Financial liabilities measured at amortized cost			
Accounts payable and accrued liabilities	Level 1	19,125	11,500

9. COVID-19

The Company's business could be adversely affected by the effects of health epidemics, including the global COVID-19 pandemic. In December 2019, a novel strain of COVID-19 was reported in China. Since then, the COVID-19 has spread globally, to include Canada, the United States and most European countries. The spread of COVID-19 from China to other countries has resulted in the World Health Organization (WHO) declaring the outbreak of COVID-19 as a "pandemic," or a worldwide spread of a new disease, on March 11, 2020. Many countries around the world, including Canada, have imposed quarantines and restrictions on travel and mass gatherings to slow the spread of the virus, and have closed non-essential businesses. The spread of COVID-19, which has caused a broad impact globally, may materially affect the Company economically. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, a pandemic could result in significant disruption of global financial markets, reducing the Company's ability to access capital, which could in the future negatively affect the Company's liquidity. In addition, a recession or market correction resulting from the spread of COVID-19 could materially affect the Company's business and the value of the Company's common shares. The global outbreak of COVID-19 continues to rapidly evolve. The extent to which COVID-19 may impact the Company's business, operations and clinical trials will depend on future developments, including the duration of the outbreak, travel restrictions and social distancing in Canada and other countries, the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease and whether Canada and other countries are required to move to complete lock-down status. The ultimate long-term impact of COVID-19 is highly uncertain and cannot be predicted with confidence.