

Meteorite Capital Inc.
Financial Statements
December 31, 2018

Meteorite Capital Inc. Contents

For the 8-month period from incorporation (April 27, 2018) to December 31, 2018

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Independent Auditor's Report

To the Shareholders of Meteorite Capital Inc.:

Opinion

We have audited the financial statements of Meteorite Capital Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2018, and the statements of loss and comprehensive loss, changes in equity and cash flows from April 27, 2018 (date of incorporation) to December 31, 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 December 31, 2018, and its financial performance and its cash flows for the period from April 27, 2018 to December 31, 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 in the financial statements, which indicates that the Company incurred a net loss of \$154,450 during the year ended December 31, 2018, and expects to continue to incur further losses in the development of its business. 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 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 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. 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.

COMPTABILITÉ > CONSULTATION > FISCALITÉ
ACCOUNTING > CONSULTING > TAX

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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 Jo-Ann Lempert.

Montréal, Québec

April 19, 2019

MNP¹ SENCRL, s.r.l.

¹ FCPA auditor, FCA, public accountancy permit no. A122514

Meteorite Capital Inc.
Statement of Financial Position
As at December 31, 2018
(Expressed in Canadian dollars)

2018

Assets

Current assets

Cash

730,664

Total assets

730,664

Liabilities and Shareholder's Equity

Current liabilities

Accounts payable and accrued liabilities (Note 7)

69,008

Total liabilities

69,008

Equity

Share capital (Note 6)

776,233

Warrants (Note 6)

39,874

Deficit

(154,451)

Total equity

661,656

Total equity and liabilities

730,664

Approved on behalf of the Board

“signed”

Ivan Spector
Director

“signed”

Mitchell Greenspoon
Director

Meteorite Capital Inc.

Statement of Loss and Comprehensive Loss

For the 8-month period from incorporation (April 27, 2018) to December 31, 2018
(Expressed in Canadian dollars)

	2018
Expenses	
Professional fees	68,588
Listing fees	85,689
Bank charges	174
Net loss and comprehensive loss	(154,451)
Basic and fully diluted loss per share (Note 6(c))	(0.04)

The accompanying notes are an integral part of these financial statements

Meteorite Capital Inc.
Statement of Changes in Equity

*For the 8-month period from incorporation (April 27, 2018) to December 31, 2018
(Expressed in Canadian dollars)*

	<i>Number of shares</i>	<i>Share Capital</i>	<i>Warrants</i>	<i>Deficit</i>	<i>Total equity</i>
Balance - April 27, 2018	-	-	-	-	-
Issuance of founder shares during the period <i>(Note 6i)</i>	2,065,000	154,875	-	-	154,875
Issuance of shares under public offering <i>(Note 6ii)</i>	5,000,000	750,000	-	-	750,000
Share issuance costs <i>(Note 6ii)</i>	-	(128,642)	39,874	-	(88,768)
Net loss and comprehensive loss	-	-	-	(154,451)	(154,451)
Balance – December 31, 2018	7,065,000	776,233	39,874	(154,451)	661,656

The accompanying notes are an integral part of these financial statements

Meteorite Capital Inc.
Statement of Cash Flows

For the 8-month period from incorporation (April 27, 2018) to December 31, 2018
(Expressed in Canadian dollars)

2018

Cash flows (used in) provided by

Operating activities

Net loss (154,451)

Net change in non-cash working capital items

Accounts payable and accrued liabilities 69,008

(85,443)

Financing activities

Proceeds from issuance of common shares and net cash provided
by financing activities, net of issue costs 816,107

Net changes in cash, cash end of period 730,664

1. Nature of operations

Meteorite Capital Inc. ("the Company") was incorporated pursuant to the provisions of the Canada Business Corporations Act on April 27, 2018. The Company carries on business as a "Capital Pool Corporation" ("CPC"), as such term is defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4 - Capital Pool Companies ("Policy 2.4"). To date, the Company has no business operations and did not enter into any agreement to acquire an interest in businesses or assets. The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company's registered head office address is 1 Place Ville Marie, Suite 3900, Montreal, Québec H3B 4M7.

Where a Qualifying Transaction is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. Under Exchange Policy 2.4, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company's shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or delist the Company's shares from trading should it not meet these requirements. Moreover, The Company has incurred a net loss of \$154,451 during the 8-month period ended December 31, 2018 and expects to continue to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty which may cast significant doubt about the soundness of the going concern assumption.

2. Basis of presentation

These financial statements are prepared by the Company in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). They have been prepared under the assumption that the Company operates as a going concern. Furthermore, these financial statements are presented in Canadian dollars which is the functional currency of the Company.

These financial statements for the 8-month period ended December 31, 2018 were authorized for issue by the Board of Directors on April 19, 2019

3. Significant accounting policies

Cash

Cash is comprised of demand deposits with financial institutions.

Financial assets and financial liabilities

Financial assets are classified and measured based on the business model in which assets are managed and their cash flow characteristics. The Company determines the classification of financial assets at initial recognition. Financial assets are classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). Financial liabilities are classified and measured on two categories: amortized cost or FVTPL.

The Company's financial asset is cash. Cash is classified and measured at amortized cost.

Such assets are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

The Company's financial liabilities are accounts payable and accrued liabilities which are classified and measured at amortized cost.

As at December 31, 2018, there are no amounts measured at fair value.

3. Significant accounting policies (Continued from previous page)

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's financial instruments measured at fair value on the statement of financial position consist of cash held in a Canadian chartered bank. Cash and cash equivalents are measured at level 1 of the fair value hierarchy.

Income taxes

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Share capital

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

Warrants

The Company engages in equity financing transactions which may involve the issuance of common shares or share purchase warrants ("Warrants"). Depending upon the terms and conditions of each equity financing agreement, the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants are valued based on their fair value using the Black Scholes option pricing model and warrants that are issued as payment for an agency fee or other transaction cost may be accounted for as share based payments, depending on the terms of the issuance.

Functional currency

The Company's functional and presentation currency is the Canadian dollar, which represents the currency that is the primary economic environment of the Company.

Use of estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

Management used the Black-Scholes model to estimate the fair value of warrants issued. The estimated life of the warrants at the grant date is based on the legal life of the warrants and the expected exercise pattern of the warrant holders. The expected volatility used to calculate the grant date fair value estimated taking into account the historical volatility of similar companies' share price over the expected term of the warrants granted.

3. Significant accounting policies (Continued from previous page)

Accounting standards issued but not yet applied

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. In the current circumstances, it does not expect any of these to have a material impact on the financial statements.

4. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to complete a Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total equity. The Company is not subject to any externally imposed capital requirements.

5. Financial instruments and risk management

Fair Values

At December 31, 2018, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the continuation of the Company's search for a Qualifying Transaction, and limited exposure to credit and market risks.

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit risk

Credit risk is the risk of loss if a third party to a financial instrument fails to meet its commercial obligations. The Company believes its exposure to credit risk is not significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Meteorite Capital Inc.
Notes to the Financial Statements
As at December 31, 2018
(Expressed in Canadian dollars)

6. Share capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	<i>Number of common shares</i>	<i>Amount \$</i>
Shares issuance – founder shares (i)	2,065,000	154,875
Shares issuance – public offering (ii)	5,000,000	621,358
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Balance, December 31, 2018	7,065,000	776,233

(i) On April 27, 2018, the Company issued an aggregate of 2,065,000 common shares at a price of \$0.075 per share for gross cash proceeds of \$154,875

(ii) On September 17, 2018, the Company completed a public offering of shares pursuant to an amended and restated (final) prospectus at a price of \$0.15 per share resulting in 5,000,000 shares being issued for total gross proceeds of \$750,000. Total Agent's fees, commissions and other directly related expenses of \$88,768 attributable to the issuance of shares was recorded as a reduction of shareholders' equity.

In connection with the offering, the Company issued 500,000 non-transferable warrants (the "Agent's Warrants") to Leede Jones Gable Inc. (the "Agent"), exercisable at \$0.15 until September 28, 2020. The fair value of the Agent's Warrants at issuance was estimated to be \$39,874 using the Black Scholes option pricing model with the following assumptions: share price - \$0.15, dividend yield - 0%; expected volatility 100%; risk free interest rate – 2.33%; and an expected life - 2 years.

c) Basic and diluted loss per share is calculated as follows:

Net comprehensive loss for the period	\$154,450
Weighted average shares outstanding (including contingently issuable shares)	3,960,161
Loss per share, basic and fully diluted	\$0.04

d) Warrants issued

	<i>Number of Warrants</i>	<i>Fair value \$</i>
Warrant issuance (b)(i)	500,000	39,874
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Balance, December 31, 2018	500,000	39,874

Meteorite Capital Inc.
Notes to the Financial Statements
As at December 31, 2018
(Expressed in Canadian dollars)

7. Related party transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

During the eight months period ended December 31, 2018, a law firm of which an officer, director and shareholder of the Company is a partner, provided legal services in the amount of \$64,008 of which \$53,191 were for legal services and \$10,867 represents an advance on behalf of the Company for the payment of listing and filing fees all of which was payable as at December 31, 2018 and is included in accounts payable and accrued liabilities.

8. Income taxes

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 26.7% and the Company's effective income tax expense is as follows:

	2018
	\$
Loss before income taxes	(154,451)
Combined federal and provincial tax rates	26.70%
Income tax recovery using statutory tax rates	(41,238)
Tax benefits not recognised	41,238
	-

Unrecognized deductible temporary differences consist of the following:

	2018
	\$
Non-capital losses carried-forward	166,514
Share issue costs	76,705
Total	243,219

Deferred tax assets have not been recognized in respect to deductible temporary differences of approximately \$166,514 which arise from non-capital losses. The non-capital losses expire in 2038.