

Meteorite Capital Inc.
Condensed Interim Financial Statements
September 30, 2020 and 2019

Meteorite Capital Inc.

Contents

For the three and nine-month periods ending September 30, 2020 and 2019

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NOTICE TO READER

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management of Meteorite Capital Inc.

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

Meteorite Capital Inc.
Condensed Interim Statement of Financial Position
(Unaudited - Expressed in Canadian dollars)
As at

| | September 30, 2020 | December 31, 2019 |
|--|-------------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash | 22,002 | 2,097 |
| Investment in short-term GIC <i>(Note 4)</i> | 286,060 | 620,000 |
| Loan receivable <i>(Note 6)</i> | 223,167 | - |
| Total current assets | 531,229 | 622,097 |
| Non-current assets | | |
| Deferred share issue costs | 101,187 | - |
| Total assets | 632,416 | 622,097 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities <i>(Note 9)</i> | 65,551 | 19,750 |
| Total liabilities | 65,551 | 19,750 |
| Shareholders' Equity | | |
| Share capital <i>(Note 8)</i> | 776,233 | 776,233 |
| Contributed surplus <i>(Note 8)</i> | 51,760 | 33,279 |
| Warrants <i>(Note 8)</i> | 39,874 | 39,874 |
| Deficit | (301,002) | (247,039) |
| Total shareholders' equity | 566,865 | 602,347 |
| Total shareholders' equity and liabilities | 632,416 | 622,097 |

Approved on behalf of the Board

"signed"
Ivan Spector
Director

"signed"
Richard Yanofsky
Director

Meteorite Capital Inc.
Condensed Interim Statement of Loss and Comprehensive Loss
For the three and nine-month periods ended September 30, 2020 and 2019
(Unaudited - Expressed in Canadian dollars)

| | 2020 | | 2019 | |
|---|-----------------|-----------------|--------------|-------------|
| | Three-months | Nine-months | Three-months | Nine-months |
| Interest income | 3,364 | 15,688 | - | - |
| Expenses | | | | |
| Professional fees <i>(Note 9)</i> | 5,384 | 31,602 | 18,535 | 33,342 |
| Stock based compensation <i>(Note 8)</i> | 5,594 | 18,481 | - | - |
| Listing fees | 11,498 | 17,476 | 8 | 5,987 |
| Investor relations | 434 | 1,451 | - | - |
| Transaction costs | - | 575 | - | - |
| Bank charges | 30 | 66 | 29 | 59 |
| Total expenses | 22,940 | 69,651 | 18,572 | 39,388 |
| Net loss and comprehensive loss | (19,576) | (53,963) | (18,572) | (39,388) |
| | | | | |
| Basic and fully diluted loss per share <i>(Note 8(c))</i> | (0.00) | (0.01) | (0.00) | (0.01) |

The accompanying notes are an integral part of these Condensed Interim Financial Statements

Meteorite Capital Inc.
Condensed Interim Statement of Changes in Shareholders' Equity
For the nine-month periods ended September 30, 2020 and 2019
(Unaudited - Expressed in Canadian dollars)

| | <i>Number of shares</i> | <i>Share Capital</i> | <i>Contributed Surplus</i> | <i>Warrants</i> | <i>Deficit</i> | <i>Total equity</i> |
|-------------------------------------|-----------------------------|--------------------------|--------------------------------|-----------------|------------------|-------------------------|
| Balance – January 1, 2020 | 7,065,000 | 776,233 | 33,279 | 39,874 | (247,039) | 602,347 |
| Stock-based compensation | - | - | 18,481 | - | - | 18,481 |
| Net loss and comprehensive loss | - | - | - | - | (53,963) | (53,963) |
| Balance – September 30, 2020 | 7,065,000 | 776,233 | 51,760 | 39,874 | (301,002) | 566,865 |

| | <i>Number of shares</i> | <i>Share Capital</i> | <i>Contributed Surplus</i> | <i>Warrants</i> | <i>Deficit</i> | <i>Total equity</i> |
|---------------------------------|-----------------------------|--------------------------|--------------------------------|-----------------|----------------|-------------------------|
| Balance – January 1, 2019 | 7,065,000 | 776,233 | - | 39,874 | (154,451) | 661,656 |
| Net loss and comprehensive loss | - | - | - | - | (39,388) | (39,388) |
| Balance – September 30, 2019 | 7,065,000 | 776,233 | - | 39,874 | (193,839) | 622,268 |

The accompanying notes are an integral part of these condensed interim financial statements

Meteorite Capital Inc. Statement of Cash Flows

*For the nine-month periods ended September 30, 2020 and 2019
(Unaudited - Expressed in Canadian dollars)*

| | 9 Months September 30, 2020 | 9 Months September 30, 2019 |
|---|--|--|
| Cash flows (used in) provided by | | |
| Operating activities | | |
| Net loss | (53,963) | (39,388) |
| Adjustments for | | |
| Stock-based compensation | 18,481 | - |
| Accrued interest on loan receivable <i>(Note 6)</i> | (3,167) | - |
| Net change in non-cash working capital items | | |
| Accounts payable and accrued liabilities | 45,801 | (65,595) |
| | (7,152) | (104,983) |
| Investing activities | | |
| Investment in short-term GIC <i>(Note 4)</i> | (616,060) | (625,000) |
| Proceeds from partial redemption of GIC <i>(Note 4)</i> | 950,000 | - |
| Issuance of loan <i>(Note 6)</i> | (220,000) | - |
| | 113,940 | (625,000) |
| Financing activities | | |
| Deferred share issue costs | (101,187) | - |
| | (101,187) | - |
| Net changes in cash | 19,905 | (729,983) |
| Cash and cash equivalents, beginning of period | 2,097 | 730,664 |
| Cash and cash equivalents, end of period | 22,002 | 681 |
| Supplemental disclosure of cash flow information | | |
| Interest received | \$ 12,521 | \$ - |

The accompanying notes are an integral part of these Condensed Interim Financial Statements

Meteorite Capital Inc.

Notes to the Condensed Interim Financial Statements

As at September 30, 2020 and 2019
(Unaudited - Expressed in Canadian dollars)

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" or the "TSX-V") Policy 2.4 - Capital Pool Companies ("Policy 2.4"). 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. However, as at September 30, 2020, as described in Note 5, the Company has entered into an agreement to complete a transaction that will result in a reverse take-over of the Company by the shareholders of the target company. As at the date these condensed interim financial statements were authorized for issue, the Transaction has not yet been completed.

Moreover, the Company has generated a net loss of \$53,963 during the nine-month period ended September 30, 2020 and has an accumulated deficit in the amount of \$301,002 and expects 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 condensed interim financial statements are prepared by the Company in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as issued by the International Accounting Standards Board and using the accounting policies in the Company's 2019 year ended financial statements disclosed in Note 3 to those financial statements. These condensed interim financial statements should be read in conjunction with those financial statements. They have been prepared under the assumption that the Company operates as a going concern.

These Condensed Interim Financial Statements for the nine-month period ended September 30, 2020 were authorized for issue by the Board of Directors on November 27, 2020.

3. Significant accounting policies

Cash

Cash is comprised of cash held with a Canadian chartered bank and funds held in trust.

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 assets are cash, investment in short-term GIC and loan receivable. Cash and investment in short-term GIC are classified and measured at fair value and the loan receivable is classified and measured at amortized cost.

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the condensed interim statements of financial position as a deduction from the gross carrying amount of the financial asset. The Company has not recorded any loss allowances.

3. Significant accounting policies (Continued from previous page)

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

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 condensed interim statements of financial position consist of cash and an investment in short-term GIC held in a Canadian chartered bank. Cash is measured at level 1 and the investment in short-term GIC is measured at level 2 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 condensed interim 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.

Deferred share issue costs

Deferred share issue costs represent direct costs incurred for the issuance of share capital. Such costs will be classified as a reduction of share capital once the shares will be issued. However, if consummation of the equity offering is not probable or the offering is aborted, such costs will be expensed.

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.

Stock-based compensation

The Company grants stock options to purchase common shares of the Company to directors and officers. The Board of Directors grants such options for periods up to five years, with vesting periods determined at its sole discretion. The fair value of the options is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the options are earned. The fair value is determined using the Company's share price on the date of the grant and is recognized as an expense with a corresponding increase in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of options expected to vest. Where the terms of a stock option are modified, the minimum expense recognized is the expense as if the terms had not been modified. Cancellations of options are accounted for as an acceleration of vesting. An additional expense is recognized for any modifications which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the holder as measured at the date of modification over the remaining vesting period. If and when the stock options are exercised, the applicable fair value amounts charged to contributed surplus will be transferred to share capital.

3. Significant accounting policies (Continued from previous page)

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 condensed interim 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 condensed interim financial statements and related notes to the condensed interim 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 stock options and warrants issued. The estimated life of the stock options and warrants at the grant date is based on the legal life of the equity instruments and the expected exercise pattern of the holders. The expected volatility used to calculate the grant date fair value is estimated taking into account the historical volatility of similar companies' share prices over the expected term of the stock options and warrants granted.

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. Investment in short-term GIC

On March 20, 2019, the Company invested in a short-term GIC in the amount of \$625,000, earning interest at a rate of prime less 2.1% and maturing on March 20, 2020. Upon maturity, the remaining balance of \$616,060 including interest and net of partial redemptions was reinvested in a new one-year short-term GIC earning interest at a rate of 1.35% per annum. During the period from the reinvestment on March 20, 2020 to September 30, 2020, the Company partially redeemed \$330,000 of the short-term GIC, of which \$220,000 was advanced to Sparkit Media Inc. ("Sparkit") against delivery of a promissory note (Note 6).

The Company earned interest income of \$877 and \$12,521 for the three and nine-month periods ended September 30, 2020.

5. Amalgamation agreement

On May 19, 2020, the Company announced that it signed a binding letter agreement (the "Letter Agreement") with Sparkit, a privately held corporation existing under the laws of British Columbia, which outlines the general terms and conditions pursuant to which the Company and Sparkit have agreed to complete a transaction that will result in a reverse take-over of the Company by the shareholders of Sparkit (the "Transaction"). The Letter Agreement was negotiated at arm's length and was effective as of May 18, 2020.

The Transaction is expected to proceed by way of a three-cornered amalgamation to which Sparkit shall amalgamate with a wholly-owned subsidiary of the Company, and the Company will acquire all of the issued and outstanding common shares of Sparkit, in exchange for the Company's common shares on the basis of an exchange ratio of 0.0975 Meteorite Capital Inc. common shares for every one Sparkit share issued and outstanding, reflecting a deemed price of \$0.225 per Meteorite Capital Inc. common share or such other value that is acceptable to the Company, Sparkit and the Exchange, such that Sparkit will be a wholly-owned subsidiary of the Company as it exists following the completion of the Transaction.

Meteorite Capital Inc.
Notes to the Condensed Interim Financial Statements

As at September 30, 2020 and 2019
(Unaudited - Expressed in Canadian dollars)

5. Amalgamation agreement *(Continued from previous page)*

Concurrently with the Transaction, the Company intends to conduct a brokered private placement offering of common share units (the "Units") led by Leede Jones Gable (the "Agent") for gross proceeds to the Company of a minimum of \$1,755,000 and a maximum of \$2,250,000 (the "Offering"), in accordance with the policies of the Exchange. Each Unit shall be comprised of one common share and one-half common share purchase warrant, which will entitle its holder to purchase one common share at a price of \$0.35 for a period of 24 months following the completion of the Transaction. The Agents will receive a cash commission equal to 8% of the gross proceeds raised in the Offering and such number of broker warrants that is equal to 8% of the number of Units sold.

On August 10, 2020, the Company filed the initial submission package relating to the Transaction with the Exchange for its review. Completion of the Transaction remains subject to obtaining Exchange approval and the completion of the concurrent Offering. As at the date these condensed interim financial statements were authorized for issue, the Transaction had not yet been completed.

6. Loan receivable

During the three-month period ended September 30, 2020, the Company advanced \$125,000 to Sparkit against delivery of a promissory note followed by a signed loan agreement from Sparkit. The loan bears interest at an annual rate of 6.5%, calculated and accrued monthly, and matures on October 15, 2020 (initially amended on June 30, 2020 to extend the initial maturity date of June 30, 2020 to August 31, 2020 and re-amended on August 13, 2020 to a maturity date of October 15, 2020). As part of the amendment signed on August 13, 2020, the Company had agreed to advance an additional loan in the principal amount of up to \$100,000, which would result in an aggregate secured loan of \$225,000 with the additional loan amount advanced subsequent to quarter-end (Note 10).

Interest and principal shall be payable on the maturity date. Sparkit has granted to the Company a security interest on all of its assets. During the three and nine-month periods ended September 30, 2020, the Company earned interest income of \$2,487 and \$3,167 respectively.

7. Financial instruments and risk management

Restricted cash

In accordance with Item 8 of Policy 2.4, until the completion of the Qualifying Transaction, no more than the lesser of 30% of the gross proceeds from the sale of securities issued by a CPC and \$210,000 may be used for purposes other than as provided in section 8.3 of Policy 2.4 of the Exchange.

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.

Fair values

At September 30, 2020, the Company's financial instruments consist of cash, investment in short-term GIC, loan receivable 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:

Meteorite Capital Inc.
Notes to the Condensed Interim Financial Statements
As at September 30, 2020 and 2019
(Unaudited - Expressed in Canadian dollars)

7. **Financial instruments and risk management** *(Continued from previous page)*

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 attempts to reduce such exposure by investing in low risk investments and depositing cash with a Canadian chartered bank. The Company believes its exposure to credit risk on the loan receivable is not significant due to the anticipated amalgamation transaction that the Company intends to complete with the counterparty.

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 a positive working capital position and 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.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institution is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant. During the nine-month period ended September 30, 2020, the Company's short-term GIC matured and was re-invested in a new fixed rate short-term GIC. The loan receivable also carries interest at a fixed interest rate.

As at September 30, 2020, the Company did not have any accounts in foreign currencies and was not exposed to foreign currency risk.

8. **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 | 2,065,000 | 154,875 |
| Shares issuance – public offering | 5,000,000 | 621,358 |
| Balance, December 31, 2019 | 7,065,000 | 776,233 |
| Balance, September 30, 2020 | 7,065,000 | 776,233 |

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

| | 2020 | | 2019 | |
|--|--------------------------|-------------------------|--------------------------|-------------------------|
| | <i>Three- months</i> | <i>Nine- months</i> | <i>Three- months</i> | <i>Nine- months</i> |
| Net loss and comprehensive loss for the period | \$(19,576) | \$(53,963) | \$(18,572) | \$(39,388) |
| Weighted average shares outstanding (including contingently issuable shares) (i) | 7,065,000 | 7,065,000 | 7,065,000 | 7,065,000 |
| Loss per share, basic and fully diluted (ii) | \$(0.00) | \$(0.01) | \$(0.00) | \$(0.01) |

Meteorite Capital Inc.
Notes to the Condensed Interim Financial Statements

As at September 30, 2020 and 2019
(Unaudited - Expressed in Canadian dollars)

8. Share capital *(Continued from previous page)*

- (i) If the Company is not able to complete a Qualifying Transaction within 24 months from the date the Company's shares are listed for trading on the Exchange, subject to Item 11.2 of Policy 2.4 of the Exchange, certain founder shares would become contingently returnable. Should this occur, the weighted average shares outstanding used in the calculation above would become 6,032,500. There would be no change to the loss per share amounts disclosed above for the three and nine-month periods.
- (ii) Diluted loss did not include the effect of options and warrants for the periods ended September 30, 2020 and 2019, as they are anti-dilutive.

d) Warrants issued

| | Number of Warrants | Fair value \$ |
|-----------------------------|-------------------------------|--------------------------|
| Warrant issuance (i) | 500,000 | 39,874 |
| Balance, December 31, 2019 | 500,000 | 39,874 |
| Balance, September 30, 2020 | 500,000 | 39,874 |

- (i) The warrants are non-transferable and are exercisable at \$0.15 until October 8, 2020.

e) Stock options issued

The Company has adopted a stock option plan which provides that the Board of Directors may, from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the total issued and outstanding common shares of the Company, for a period of up to five years from the date of the grant. The number of common shares reserved for issuance to any individual director or officer of the Company will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants, if any, will not exceed 2% of the issued and outstanding common shares. The options may be exercised the earlier of the completion of the Qualifying Transaction and 24 months from the date the Company's shares were listed for trading on the Exchange. It is at this time that the options will vest in full.

The following is a summary of option transactions under the stock option plan for the relevant periods:

| | Number of options | September 30, 2020 Weighted average exercise price | Number of options | December 31, 2019 Weighted average exercise price |
|-------------------------------|------------------------------|---|------------------------------|--|
| Balance, beginning of year | 565,000 | \$0.15 | 706,500 | \$0.15 |
| Forfeited | - | - | (141,300) | 0.15 |
| Balance, end of period | 565,200 | \$0.15 | 565,200 | \$0.15 |
| Options exercisable | - | - | - | - |

The options outstanding have a five-year term and expire on September 17, 2023 and vest at the earlier of the events listed above. During the three and nine-month periods ended September 30, 2020, expenses of \$5,594 and \$18,481 (September 30, 2019 - \$Nil) related to stock-based compensation costs has been recorded and presented separately in the condensed interim statements of loss and comprehensive loss.

Meteorite Capital Inc.
Notes to the Condensed Interim Financial Statements

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(Unaudited - Expressed in Canadian dollars)

9. Related party transactions

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

During the three and nine-month periods ended September 30, 2020, a law firm of which an officer, director and shareholder of the Company is a partner, provided legal services in the amount of \$28,489 and \$49,327 respectively, of which \$25,640 and \$43,640 relates to the anticipated brokered private placement offering (Note 5) and has been recorded within deferred share issue costs (September 30, 2019 - \$Nil). As at September 30, 2020, accounts payable and accrued liabilities include an amount of \$48,489 (December 31, 2019 - \$895) related to legal services.

10. Subsequent events

- i) During and subsequent to quarter end, the evolving response to the COVID-19 pandemic by the federal and provincial governments in Canada includes continuing and new emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused significant disruption to businesses in Canada and globally, resulting in an economic slowdown. Global capital markets have also experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID 19 outbreak is still unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results, condition and business plans of the Company in future periods.
- ii) On October 21, 2020, the Company advanced an additional amount of \$5,000 to Sparkit as part of the secured loan and also agreed to extend the repayment of the loan. The aggregate amount of \$225,000 will now mature on the earlier of (i) the closing of the Transaction and (ii) November 30, 2020. The loan continues to bear interest at a rate of 6.5% per annum and is secured by a first charge on all of Sparkit's assets.
- iii) On October 29, 2020, the Company partially redeemed \$10,000 of the investment in short-term GIC.