

Meteorite Capital Inc.
Financial Statements
December 31, 2019 and 2018

Meteorite Capital Inc.

Contents

For the year ended December 31, 2019 and for the period from 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 statements of financial position as at December 31, 2019 and December 31, 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2019 and the period 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, 2019 and December 31, 2018, and its financial performance and its cash flows for the year ended December 31, 2019 and the period from April 27, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits 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 \$92,588 during the year ended December 31, 2019, 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 audits 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 audits 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.

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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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

May 29, 2020

MNP¹ SENCRL, s.r.l.

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

Meteorite Capital Inc.
Statements of Financial Position
As at December 31, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
Assets		
Current assets		
Cash	2,097	730,664
Investment in short-term GIC <i>(Note 4)</i>	620,000	-
Total assets	622,097	730,664
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities <i>(Note 7)</i>	19,750	69,008
Total liabilities	19,750	69,008
Shareholders' Equity		
Share capital <i>(Note 6)</i>	776,233	776,233
Contributed surplus <i>(Note 6)</i>	33,279	-
Warrants <i>(Note 6)</i>	39,874	39,874
Deficit	(247,039)	(154,451)
Total shareholders' equity	602,347	661,656
Total liabilities and shareholders' equity	622,097	730,664

Approved on behalf of the Board

 "signed"
Ivan Spector
 Director

 "signed"
Richard Yanofsky
 Director

Meteorite Capital Inc.

Statements of Loss and Comprehensive Loss

For the year ended December 31, 2019 and for the period from April 27, 2018 to December 31, 2018
(Expressed in Canadian dollars)

	2019	2018
Expenses		
Professional fees	53,302	68,588
Stock-based compensation	33,279	-
Listing fees	5,987	85,689
Bank charges and interest	20	174
Net loss and comprehensive loss	(92,588)	(154,451)
Basic and fully diluted loss per share (Note 6(c))	(0.01)	(0.04)

The accompanying notes are an integral part of these financial statements

Meteorite Capital Inc.

Statements of Changes in Shareholders' Equity

For the year ended December 31, 2019 and for the period from April 27, 2018 to December 31, 2018

(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 - April 27, 2018	-	-	-	-	-	-
Issuance of founder shares during the period (Note 6(b)(ii))	2,065,000	154,875	-	-	-	154,875
Issuance of shares under public offering (Note 6(b)(ii))	5,000,000	750,000	-	-	-	750,000
Share issuance costs (Note 6(b)(ii))	-	(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
Stock-based compensation	-	-	33,279	-	-	33,279
Net loss and comprehensive loss	-	-	-	-	(92,588)	(92,588)
Balance – December 31, 2019	7,065,000	776,233	33,279	39,874	(247,039)	602,347

The accompanying notes are an integral part of these financial statements

Meteorite Capital Inc.
Statements of Cash Flows

*For the year ended December 31, 2019 and for the period from April 27, 2018 to December 31, 2018
(Expressed in Canadian dollars)*

	2019	2018
Cash flows (used in) provided by		
Operating activities		
Net loss	\$(92,588)	\$(154,451)
Adjustments for		
Stock-based compensation	33,279	-
Net change in non-cash working capital items		
Accounts payable and accrued liabilities	(49,258)	69,008
	(108,567)	(85,443)
Investing activities		
Investment in short-term GIC	(625,000)	-
Proceeds from partial redemption of GIC	5,000	-
	(620,000)	-
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	(728,567)	730,664
Cash, beginning of year/period	730,664	-
Cash, end of year/period	\$2,097	\$730,664
Non-cash transactions		
Issuance of agents' warrants	\$-	\$39,874

The accompanying notes are an integral part of these financial statements

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"). As at December 31, 2019, 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 \$92,588 during the year ended December 31, 2019 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 and have been prepared on an accrual basis and under historical cost except for certain financial instruments measured at fair value. Furthermore, these financial statements are presented in Canadian dollars which is the functional currency of the Company.

These financial statements for the year ended December 31, 2019 were authorized for issue by the Board of Directors on May 29, 2020.

3. Summary of significant accounting policies

Cash

Cash is comprised of cash held with a Canadian chartered bank.

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 and investment in short-term GIC. Cash and investment in short-term GIC are 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 statement of financial position as a deduction from the gross carrying amount of the financial asset. The Company does not have any financial assets measured at amortized cost.

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

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 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 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.

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.

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.

3. Significant accounting policies (Continued from previous page)

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 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 and applied during the period

IFRS 16, Leases, which was issued in January 2016, was adopted by the Company on January 1, 2019 using the full retrospective approach. The Company does not have any existing leases and did not have any leases at the date of adoption. As a result, adopting this standard did not have an impact on the financial statements.

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. During the year, the Company redeemed \$5,000 of the GIC and upon maturity in March 2020, re-invested the proceeds in a new one-year short-term GIC earning interest at a rate 1.35% (Note 9).

5. Financial instruments and risk management

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 December 31, 2019, the Company's financial instruments consist of cash, investment in short-term GIC 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.

Meteorite Capital Inc.
Notes to the Financial Statements
For the year ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

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

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.

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
Balance, December 31, 2018	7,065,000	776,233
Balance, December 31, 2019	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:

	2019	2018
Net comprehensive loss for the year	\$92,588	\$154,450
Weighted average shares outstanding (including contingently issuable shares)	7,065,000	3,960,161
Loss per share, basic and fully diluted	\$0.01	\$0.04

Meteorite Capital Inc.
Notes to the Financial Statements
For the year ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

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

d) Warrants issued

	<i>Number of Warrants</i>	<i>Fair value \$</i>
Warrant issuance (Note 6(b)(ii))	500,000	39,874
Balance, December 31, 2018	500,000	39,874
Balance, December 31, 2019	500,000	39,874

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.

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

	<i>December 31, 2019</i>		<i>December 31, 2018</i>	
	<i>Number of options</i>	<i>Weighted average exercise price</i>	<i>Number of options</i>	<i>Weighted average exercise price</i>
Balance, beginning of year	706,500	\$0.15	-	\$-
Forfeited	(141,300)	0.15	-	-
Granted to directors and officers (i)	-	-	706,500	0.15
Balance, end of year	565,200	\$0.15	706,500	\$0.15
Options exercisable	-	-	-	-

- (i) On September 17, 2018, following the completion of the Company's public offering of shares (Note 6(b)(ii)), the Company granted 141,300 stock options to each of its five directors and officers for a total of 706,500 options granted, exercisable at \$0.15 until September 17, 2023.

The fair value of the options at issuance was estimated to be \$64,700 using the Black Scholes option pricing model with the following assumptions: share price - \$0.15, dividend yield - 0%; expected volatility 89%; risk free interest rate - 2.22%; and an expected life - 3.5 years.

Meteorite Capital Inc.
Notes to the Financial Statements
For the year ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

6. Share capital (Continued from previous page)

During the year ended December 31, 2019, an expense of \$33,279 related to stock-based compensation costs has been recorded and presented separately in the statements of loss and comprehensive loss.

7. 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 year ended December 31, 2019, a law firm of which an officer, director and shareholder of the Company is a partner, provided legal services in the amount of \$12,200 of which \$895 was included in accounts payable and accrued liabilities. As at December 31, 2018, accounts payable and accrued liabilities included an amount of \$64,008 related to legal services and an advance on behalf of the Company for the payment of listing and filing, which were subsequently paid in the first quarter of 2019.

8. Income taxes

The recovery of income taxes attributable to the loss before taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.6% (2018 - 26.7%) as a result of the following:

	2019	2018
Loss before income taxes	(92,588)	(154,451)
Combined federal and provincial tax rates	26.60%	26.70%
Income tax recovery using statutory tax rates	(24,628)	(41,238)
Tax benefits not recognised	24,628	41,238
	-	-

The statutory tax rate declined from 26.7% to 26.6% due to a reduction in the Quebec provincial tax rate on January 1, 2019.

Unrecognized deductible temporary differences consist of the following:

	2019	2018
Non-capital losses carried-forward	243,577	166,514
Share issue costs	58,951	76,705
	302,528	243,219

At December 31, 2019, the Company had non-capital loss carry forwards available to reduce future years' income for tax purposes. The non-capital losses will expire as follows:

	Federal	Provincial
2038	166,514	166,514
2039	77,063	77,063
	243,577	243,577

9. Subsequent events

- i) Subsequent to year end, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in economic slowdown. Global equity markets have 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 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 and condition of the Company in future periods.
- ii) On May 19, 2020, the Company announced that it has signed a binding letter agreement (the "Letter Agreement") with Sparkit Media Inc. ("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 is effective as of May 18, 2020.

The Transaction is then 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 0.0995 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.

Concurrently with the closing of 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.

- iii) In connection with the Transaction, on April 17, 2020, the Company advanced \$25,000 to Sparkit as a promissory note. The promissory note bears interest at a rate of 6.5% per annum, calculated and accrued monthly, and matures on June 30, 2020. Interest and principal shall be payable on the maturity date.
- iv) During the period from January 1, 2020 to the date of authorization these financial statements, the Company partially redeemed \$140,000 of the investment in short-term GIC. \$25,000 was redeemed and advanced to Sparkit as a promissory note (see iii above) and \$100,000 was redeemed to cover anticipated Agent fees, professional fees and other costs associated with the Offering.