

Meteorite Capital Inc.
Condensed Interim Financial Statements
September 30, 2021 and 2020

Meteorite Capital Inc.
Contents

For the three and nine-month periods ending September 30, 2021 and 2020

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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, 2021 | <i>December 31, 2020</i> |
|---|-------------------------------|------------------------------|
| Assets | | |
| Current assets | | |
| Cash | 3,926 | 12,142 |
| Investment in short-term GIC (Note 4) | 180,417 | 226,060 |
| Loan receivable (Note 6) | 185,384 | 173,926 |
| Total current assets | 369,727 | 412,128 |
| Non-current assets | | |
| Deferred share issue costs | 11,497 | 183,640 |
| Total assets | 381,224 | 595,768 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 9) | 38,395 | 92,917 |
| Total liabilities | 38,395 | 92,917 |
| Shareholders' Equity | | |
| Share capital (Note 8) | 776,233 | 776,233 |
| Contributed surplus (Note 8) | 51,760 | 51,760 |
| Warrants (Note 8) | - | - |
| Deficit | (485,164) | (325,142) |
| Total shareholders' equity | 342,829 | 502,851 |
| Total shareholders' equity and liabilities | 381,224 | 595,768 |

Approved on behalf of the Board

"signed"

Ivan Spector
Director

"signed"

Richard Yanofsky
Director

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

Meteorite Capital Inc.
Condensed Interim of Loss and Comprehensive Loss
For the three and nine-month periods ended September 30, 2021 and 2020
(Unaudited – Expressed in Canadian dollars)

| | 2021 | 2020 | 2021 | 2020 |
|--|---------------------|---------------------|--------------------|--------------------|
| | Three-months | Three-months | Nine-months | Nine-months |
| Interest Income | 4,063 | 3,364 | 14,831 | 15,688 |
| Expenses | | | | |
| Professional fees (Note 9) | 156,835 | 5,384 | 164,965 | 31,602 |
| Stock based compensation (Note 8) | - | 5,594 | - | 18,481 |
| Listing fees | 575 | 11,498 | 8,680 | 17,476 |
| Transaction costs | - | - | - | 575 |
| Investor relations | - | 434 | 1,012 | 1,451 |
| Taxes and licenses | 92 | - | 92 | - |
| Bank charges | 23 | 30 | 104 | 66 |
| Total expenses | 157,525 | 22,940 | 174,853 | 69,651 |
| Net loss and comprehensive loss | (153,462) | (19,576) | (160,022) | (53,963) |
| Basic and fully diluted loss per share (Note 8(c)) | (0.00) | (0.00) | (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, 2021 and 2020
(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, 2021 | 7,065,000 | 776,233 | 51,760 | - | (325,142) | 502,851 |
| Net loss and comprehensive loss | - | - | - | - | (160,022) | (160,022) |
| Balance – September 30, 2021 | 7,065,000 | 776,233 | 51,760 | - | (485,164) | 342,829 |

| | <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 comprehensive | - | - | 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 |

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, 2021 and 2020
(Unaudited – Expressed in Canadian dollars)

| | 9 Months September 30, 2021 | 9 Months September 30, 2020 |
|--|--|--|
| Cash flows (used in) provided by | | |
| Operating activities | | |
| Net Loss | (160,022) | (53,963) |
| Adjustments for | | |
| Stock-based compensation | - | 18,481 |
| Accrued interest on loan receivable | (11,458) | (3,167) |
| Net change in non-cash working capital items | | |
| Accounts payable and accrued liabilities | (54,522) | 45,801 |
| Deferred share issue costs | 147,143 | - |
| | (78,859) | 7,152 |
| Investing activities | | |
| Investment in short-term GIC (Note 4) | (200,129) | (616,060) |
| Proceeds from redemptions and accrued interest on GIC (Note 4) | 245,772 | 950,000 |
| Issuance of loan (Note 6) | - | (220,000) |
| | 45,643 | 113,940 |
| Financing activities | | |
| Deferred share issue costs (refunded) | 25,000 | (101,187) |
| | 25,000 | (101,187) |
| Net changes in cash | (8,216) | 19,905 |
| Cash and cash equivalents, beginning of period | 12,142 | 2,097 |
| Cash and cash equivalent, end of period | 3,926 | 22,002 |
| Supplemental disclosure of cash flow information | | |
| Interest received | 3,373 | 12,521 |
| Non-cash transactions | | |
| Accrued interest on loan receivable (Note 6) | 11,458 | 3,167 |

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

Meteorite Capital Inc.
Notes of the Condensed Interim Financial Statements

As at September 30, 2021 and 2020
(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. The Exchange may suspend or delist the Company’s shares from trading should it not meet these requirements. As described in Note 5 below, the Company publicly announced on February 26, 2021, that it was no longer pursuing its previously announced Qualifying Transaction. Recent changes to Exchange Policy 2.4 will have the effect of modifying the requirement to complete a Qualifying Transaction within the 24 month period, provided, inter alia, the Company has adopted resolutions by its shareholders approving these changes. On June 29, 2021, these changes were approved by the shareholders.

There is no assurance that the Company will be able to complete a Qualifying Transaction or that it will be able to secure the necessary financing to complete a Qualifying Transaction. Moreover, the Company has generated a net loss and comprehensive loss of \$160,022 during the 9-month period ended September 30, 2021 and has accumulated a deficit in the amount of \$485,164 (December 31, 2020, annual loss and comprehensive loss \$117,977 and deficit \$325,142) 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 2020 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, 2021 were authorized for issue by the Board of Directors on November 25, 2021

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

Meteorite Capital Inc.
Notes of the Condensed Interim Financial Statements

As at September 30, 2021 and 2020
(Unaudited – Expressed in Canadian dollars)

3. Significant accounting policies *(Continued from previous page)*

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 for the nine-month period ended September 30, 2021 (December 30, 2020, \$57,975 on loan receivable).

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.

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

Meteorite Capital Inc.
Notes of the Condensed Interim Financial Statements

As at September 30, 2021 and 2020
(Unaudited – Expressed in Canadian dollars)

3. Significant accounting policies *(Continued from previous page)*

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.

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.

The following areas require management’s critical estimates:

Stock based compensation

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.

Expected credit losses

Management determines expected credit losses by evaluating individual receivable balances and considering the counterparty’s financial condition and current economic conditions. Receivable balances are written off when deemed uncollectible. Recoveries of receivable balances previously written off are recorded as income when received. The loan receivable is expected to be collected within one year of the statement of financial position date.

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, 2020, the Company invested in a short-term GIC in the amount of \$616,000, earning interest at a rate of 1.35% per annum and maturing on March 22, 2021. Upon maturity, the remaining balance of \$200,129 including interest and net of partial redemptions was reinvested in a new one-year short-term GIC earning interest at a rate of 0.3% per annum. During the period from the reinvestment on March 23, 2021 to September 30, 2021, the Company partially redeemed \$20,000 of the short-term GIC to pay outstanding professional and listing fees.

The Company earned interest income of \$140 and \$3,373 for the three and nine-month periods ended September 30, 2021 (September 30, 2020, \$877 and \$12,521).

5. **Qualifying Transaction**

On May 19, 2020, the Company announced that it had signed a binding letter agreement (the “Letter Agreement”) with Sparkit, a privately held corporation existing under the laws of British Columbia, which outlined the general terms and conditions pursuant to which the Company and Sparkit had 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

On February 26, 2021, the Company publicly announced that it terminated the proposed Qualifying Transaction with Sparkit. The Company also announced that it was evaluating alternative acquisition opportunities with a view to completing its Qualifying Transaction.

6. **Loan receivable**

During the year ended December 31, 2020, the Company advanced \$225,000 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, is secured by a first charge on all of Sparkit’s assets and matured on October 15, 2020 (initially amended on September 30, 2020 to extend the initial maturity date of September 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 amounts advanced prior to year-end. Sparkit had granted to the Company a security interest on all of its assets.

Interest and principal were payable on the maturity date. As a result of these overdue payments, as well as the termination of the Qualifying Transaction (Note 5) and other factors considered by management, 25% of the loan receivable was reflected as an increase in credit risk and an amount of \$57,975 was recorded as an expected credit loss in the December 31, 2020 statement of loss and comprehensive loss (December 31, 2019 - \$Nil).

During the three and nine-month periods ended September 30, 2021, the Company earned interest income of \$3,717 and \$11,458 (September 30, 2020 - \$2,487 and \$3,167).

7. **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 September 30, 2021, 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 of the Condensed Interim Financial Statements

As at September 30, 2021 and 2020
(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, 2021, 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, 2021, 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

| | Number of common shares | Amount \$ |
|-----------------------------------|------------------------------------|----------------------|
| Shares issuance – founder shares | 2,065,000 | 154,875 |
| Shares issuance – public offering | 5,000,000 | 621,358 |
| <hr/> | | |
| Balance, December 31, 2020 | 7,065,000 | 776,233 |
| <hr/> | | |
| Balance, September 30, 2021 | 7,065,000 | 776,233 |

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

| | 2021 | | 2020 | |
|--|------------------|-----------------|------------------|-----------------|
| | Three- months | Nine- months | Three- months | Nine- months |
| Net loss and comprehensive loss for the period | \$(153,462) | \$(160,022) | \$(19,576) | \$(53,963) |
| Weighted average shares outstanding (including contingently issuable shares) | 7,065,000 | 7,065,000 | 7,065,000 | 7,065,000 |
| Loss per share, basic and fully diluted (i) | \$(0.00) | \$(0.00) | \$(0.00) | \$(0.00) |

(i) Diluted loss did not include the effect of options and warrants for the periods ended September 30, 2021 and 2020, as they are anti-dilutive

Meteorite Capital Inc.
Notes of the Condensed Interim Financial Statements

As at September 30, 2021 and 2020
(Unaudited – Expressed in Canadian dollars)

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

d) Warrants issued

| | Number of Warrants | Fair value \$ |
|-----------------------------|-------------------------------|--------------------------|
| Warrant issuance | 500,000 | 39,874 |
| Balance, September 30, 2020 | 500,000 | 39,874 |
| Balance, December 31, 2020 | - | - |
| Balance, September 30, 2021 | - | - |

The warrants were non-transferable, were exercisable at \$0.15 and expired on 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, 2021 Weighted average exercise price | Number of options | December 31, 2020 Weighted average exercise price |
|-----------------------------|------------------------------|---|------------------------------|--|
| Balance, beginning of year | 565,200 | \$0.15 | 706,500 | \$0.15 |
| Forfeited | - | - | (141,300) | 0.15 |
| Balance, end of year | 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, 2021, expenses of \$NIL and \$NIL (September 30, 2020 - \$5,594 and \$18,481) 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 of the Condensed Interim Financial Statements

As at September 30, 2021 and 2020
(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, 2021, a law firm of which an officer, director and shareholder of the Company is a partner, provided legal services in the amount of \$321 and \$12,763 (September 30, 2020 - \$28,489 and \$49,327). As at September 30, 2021, accounts payable and accrued liabilities include an amount of \$35,522 (September 30, 2020 - \$48,489) related to legal services.

10. **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 26.5% (2020 - 26.5%) as a result of the following:

| | September 30 2021 | <i>September 30 2020</i> |
|---|------------------------------|------------------------------|
| (Loss) before income taxes | (160,022) | (53,963) |
| Combined federal and provincial tax rates | 26.50% | 26.50% |
| Income tax liability (recovery) using statutory tax rates | (42,406) | (14,300) |
| Tax liability (benefits) not recognised | - | - |

The statutory tax rate declined from 26.6% to 26.5% due to a reduction in the Quebec provincial tax rate on January 1, 2020.

Unrecognized deductible temporary differences consist of the following:

| | December 31 2020 | <i>December 31 2019</i> |
|------------------------------------|-----------------------------|-----------------------------|
| Non-capital losses carried-forward | 302,852 | 243,577 |
| Loan receivable | 57,975 | - |
| Share issue costs | 41,198 | 58,951 |
| | 402,025 | 302,528 |

At December 31, 2020, 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 |
| 2040 | 59,275 | 59,275 |
| | 302,852 | 302,852 |

11. **Subsequent events**

During and subsequent to year-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.