ALPHANCO VENTURE CORP.

FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON AUGUST 1, 2018 to JULY 31, 2019

EXPRESSED IN CANADIAN DOLLARS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Alphanco Venture Corp.**

Opinion
We have audited the financial statements of Alphanco Venture Corp. (the "Company"), which comprise the statement of financial position as at July 31, 2019, and the statements of operations and comprehensive loss, changes in equity and cash flows for the period from incorporation on August 1, 2018 to July 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2019, and its financial performance and its cash flows for the period from incorporation on August 1, 2018 to July 31, 2019 in accordance with International Financial Reporting Standards (IFRSs).

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 ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 2 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significate doubt about 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 the Management's Discussion and Analysis. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 these 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Linda Zhu.

MaoxYing LLP

Vancouver, Canada
November 7, 2019

Chartered Professional Accountants

ALPHANCO VENTURE CORP.
Statement of Financial Position as at July 31, 2019
(Expressed in Canadian dollars)

ASSETS		
Current assets		
Cash and cash equivalents	$	6,232
Accrued interest receivable		2,004
Short-term investment (note 4)		409,000
	$	417,236
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$	3,076
		3,076
SHAREHOLDERS' EQUITY		
Share capital (note 5)		431,395
Reserves (note 5)		80,809
Deficit		(98,044)
		414,160
	$	417,236

Basis of presentation (note 2)

Approved on behalf of the Board

Director *"Michael Woods"*
Michael Woods

Director *"Joanne Yan"*
Joanne Yan

The accompanying notes are an integral part of these financial statements

ALPHANCO VENTURE CORP.
Statement of Loss and Comprehensive Loss
For the Period from Incorporation on August 1, 2018 to
July 31, 2019
(Expressed in Canadian dollars)

Expenses		
Accounting and audit	$	6,725
Office and administration		151
Legal fees (note 6)		9,660
Share-based compensation (note 5)		55,170
Transfer agent and filing fees		28,343
Loss before other item		(100,049)
Other item		
Interest income		2,005
Net and comprehensive loss	$	(98,044)
Basic and diluted loss per share	$	(0.03)
Weighted average number of common shares outstanding		2,982,603

The accompanying notes are an integral part of these financial statements

ALPHANCO VENTURE CORP.
Statement of Cash Flows for the Period from
Incorporation on August 1, 2018 to July 31, 2019
(Expressed in Canadian dollars)

Cash provided by (used in):		
Operating activities		
Net loss	$	(98,044)
Add item non involving cash		
Share-based compensation		55,170
Non-cash working capital items		
Accrued interest receivable		(2,004)
Accounts payable		3,076
Net cash used in operating activities		(41,802)
Financing activities		
Proceeds from issuance of shares		535,000
Share issue costs		(77,966)
Net cash flows provided by financing activities		457,034
Investment activities		
Purchase of short-term investment		(409,000)
Net cash flow provided by investment activities		(409,000)
Change in cash and cash equivalents		6,232
Cash and cash equivalents, beginning of the year		-
Cash and cash equivalents, end of the year	$	6,232
Cash and cash equivalents:		
Cash	$	6,232
	$	6,232

There were no significant non-cash transactions during the period from incorporation on August 1, 2018 to July 31, 2019.

The accompanying notes are an integral part of these financial statements

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ALPHANCO VENTURE CORP.
Statement of Changes in Equity
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Total Shareholders' Equity
Balance at August 1, 2018	-	$ -	$ -	$ -	$ -
Issue of common shares for cash pursuant to private placement (note 5)	2,700,000	135,000	-	-	135,000
Issue of common shares for cash pursuant to initial public offering (note 5)	4,000,000	400,000	-	-	400,000
Share issue costs (note 5)		(103,605)	25,639	-	(77,966)
Share-based compensation (note 5)	-	-	55,170		55,170
Net loss	-	-	-	(98,044)	(98,044)
Balance at July 31, 2019	6,700,000	$ 431,395	$ 80,809	$ (98,044)	$ 414,160

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Alphanco Venture Corp. (the "Company") is in the process of identifying, evaluating and negotiating an agreement to acquire an interest in a material asset or business. The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on August 1, 2018. The Company is classified as a capital pool Corporation as defined by TSX Venture Exchange Policy 2.4 ("the Exchange Policy"). The Company proposes to identify and evaluate corporations, businesses or assets for acquisition and once identified and evaluated to negotiate an acquisition or participation subject to receipt of regulatory and shareholder approval, as applicable. Until completion of a qualifying transaction (the "Qualifying Transaction") as defined by the Exchange Policy, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Company or $210,000, will be used for purposes other than to identify and evaluate businesses or assets and obtain shareholder approval for a proposed Qualifying Transaction.

The Company's head office, principal address and registered and records office is 2110 – 28 Street, West Vancouver, B.C., V7V 4M3.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

These financial statements of the Company are for the period from incorporation on August 1, 2018 to July 31, 2019 and were authorized for issue on November 7, 2019 by the directors of the Company.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and disclosure of contingent assets and liabilities. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant.

2. BASIS OF PRESENTATION *(continued)*

Going Concern Assumption

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success may be depending upon the extent to which it can successfully develop its business.

The development of its business might take years to be successful and the amount of resulting income, if any, is difficult to determine with any certainty. From incorporation on August 1, 2018 to July 31, 2019, the Company had not commenced any operations, had no profits, had an accumulated deficit of $98,044 and expects to incur losses until it successfully develops its business, all of which casts material uncertainty about the Company's ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash consists of balances held at a large Canadian financial institution, Cash equivalents represent highly liquid investments with an original date maturity of three months or less. As at July 31, 2019, the Company has not had cash equivalent.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income taxes (continued)

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Financial instruments

The Company follows IFRS 9 - *Financial Instruments* ("IFRS 9") to classify and measure the financial instatements. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. Financial assets and liabilities are classified into one of the following categories based on the purpose for which they were acquired:

- Amortized cost
- Fair value through profit or loss ("FVTPL")
- Fair value through Other Comprehensive Income ("FVTOCI")

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company classified cash and cash equivalents and short-term investment as FVTPL, accrued interest receivable amortized cost and accounts payable and accrued liabilities as amortize cost.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

Initial measurement
The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. On initial recognition, all financial assets and financial liabilities are recorded at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case transaction costs are expensed as incurred.

Subsequent measurement
Financial assets and liabilities classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization from the effective interest method is included in finance income or costs.

Financial assets and liabilities classified as FVTPL are measured at fair value with changes in fair values recognized in profit or loss.

Equity investments designated as FVTOCI are measured at fair value with changes in fair values recognized in other comprehensive income (“OCI”). Dividends from that investment are recorded in profit or loss when the Company's right to receive payment of the dividend is established unless they represent a recovery of part of the cost of the investment.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition of financial assets and liabilities
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

Gains and losses on derecognition of financial assets and liabilities classified as amortized cost are recognized in profit or loss when the instrument is derecognized or impaired, as well as through the amortization process. Gains and losses on derecognition of equity investments designated as FVTOCI (including any related foreign exchange component) are recognized in OCI. Amounts presented in OCI are not subsequently transferred to profit or loss, although the cumulative gain or loss may be transferred within equity.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle liabilities simultaneously.

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without deduction for transaction costs. For financial instruments that are not traded in active markets, the fair value is determined using appropriate valuation techniques, such as using a recent arm's length market transaction between knowledgeable and willing parties, discounted cash flow analysis, reference to the current fair value of another instrument that is substantially the same, or other valuation models.

New accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations, are not yet effective for the period ended June 30, 2019, and have not been applied in preparing these financial statements. The following pronouncements are those that the Company considers most significant and are not intended to be a complete list of new pronouncements that may affect the financial statements.

IFRS 16 Leases
IFRS 16 "Leases" replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not have material lease agreements as at June 30, 2019, adoption of this standard does not have material impact on the Company's Financial statements.

4. SHORT-TERM INVESTMENT

Short-term investment represents GIC deposits in bank with maturity more than 90 days when purchased.

5. SHARE CAPITAL

Authorized

Unlimited common shares without par value

Issued

In September 2018, the Company issued 2,700,000 common shares at a price of $0.05 per share for gross proceeds of $135,000.

On February 28, 2019, the Company completed its Initial Public Offering (“IPO”), listed on the TSX Venture Exchange (“TSXV”) and commenced trading as a capital pool company on March 4, 2019. The Company issued a total of 4,000,000 common shares at $0.10 per share for gross proceeds of $400,000. In connection with this IPO, the Company paid cash commissions of $55,000 and issued 400,000 broker warrants with a fair value of $25,639. The fair value of broker warrants was $0.06 per warrant estimated using the Black Scholes option pricing model with the risk-free interest rate of 1.78%, dividend yield of 0%, expected volatility of 127.90% and expected life of 2 years. Each warrant entitles the holder to purchase one common share at a price of $0.10 until February 28, 2021. In addition to the above costs, the Company paid legal fees and expenses of $22,966 relating to IPO.

Escrowed shares

Under the requirements of the TSXV, the 2,700,000 common shares issued as seed share will be held in escrow and if listed on Tier 2 of the Exchange, 10% of the escrowed shares will be released upon the issuance of the bulletin announcing the acceptance of the Company's qualifying transaction (the "Initial Release") and 15% thereafter 6, 12, 18, 24, 30, and 36 months from the date of such bulletin.

Under the Exchange Policy 50% of the escrow shares will be cancelled if the issuer does not complete a Qualifying Transaction within 24 months.

5. SHARE CAPITAL *(continued)*

Share-based Payments Reserve

Share-based payment reserve records items recognized as share-based compensation expense and other share-based payments until such time as the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

The Company has a stock option plan under which directors and officers are eligible to receive grants. Under the stock option plan, the granted stock options are exercisable over periods of up to ten years as determined by the Company's Board of Directors. The maximum number of outstanding stock options under the plan is limited to 10% of the number of common shares outstanding. The number of stock options, the vesting periods, and the exercise price is set by the Company's Board of Directors based on the market value at the time of granting.

On February 27, 2019, the Company granted 670,000 incentive stock options to directors and officers of the Company. These options vest immediately and are exercisable at $0.10 per share for a period of five years, expiring February 27, 2024. The estimated fair value was $0.08 per option estimated using the Black-Scholes Option Pricing Model with risk-free interest rate of 1.80% dividend yield of 0%, expected volatility of 118.87% and expected life of 5 years. During the year ended July 31, 2019, the Company recognized $55,170 in share-based compensation relating to these grants.

Stock option activity for the year ended July 31, 2019 follows:

	July 31 2019	
	Number of Options Outstanding	**Weighted Average Exercise Price**
Outstanding - beginning of year	-	$ -
Issued	670,000	$ 0.10
Outstanding - end of year	670,000	$ 0.10

Details of the share options outstanding and exercisable as at July 31, 2019 are as follows:

Expiry Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Life
February 27, 2024	670,000	670,000	$ 0.10	4.58 years

5. SHARE CAPITAL *(continued)*

Warrants

As at July 31, 2019, the following warrants were outstanding:

	Outstanding Warrants	Exercise price	Expiry date
Share purchase warrants			
Issued in initial public offering	400,000	$ 0.10	February 28, 2021

6. RELATED PARTY TRANSACTIONS

Key management personnel comprise the Company's Board of Directors and executive officers. No remuneration was paid to key management personnel for the period from incorporation on August 1, 2018 to July 31, 2019.

During the year ended July 31, 2019, the Company paid professional fees of $15,326 to a sole practitioner law firm of which, Michael Woods, a director, is the sole practitioner. As of July 31, 2019, $Nil is included in accounts payable and accrued liabilities related to these fees.

7. CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating costs over a reasonable future period. The Company accesses capital markets as necessary and may also raise additional funds where advantageous circumstances arise.

The Company currently has no externally-imposed capital requirements.

8. INCOME TAX

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	$
Loss before taxes	(98,044)
Canadian statutory tax rate	27.00%
Expected income tax (recovery)	(26,472)
Non-deductible expenses	14,896
Change in deferred tax asset not recognized	11,576
Total income tax expense	**-**

The unrecognized deferred income tax assets as at July 31, 2019 are comprised of the following:

	$
Non-capital loss carryforwards	42,875
Total unrecognized deferred income tax assets	**42,875**

The Company has non-capital loss carryforwards of approximately $42,875 which may be carried forward to apply against future income for Canadian tax purposes, subject to final determination by taxation authorities expiring in 2039.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at July 31, 2019, the Company's financial instruments consist of cash and cash equivalents, short-term investment and accounts payable.

In management's opinion, the Company's carrying value of and cash and cash equivalents, short-term investment and accounts payable approximates the fair value due to the immediate or short-term maturity of these instruments.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash and cash equivalents and short-term investment are classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. The Company does not have any financial instruments classified under Level 3.

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents. The credit risk with respect to its cash and cash equivalents is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. As at July 31, 2019, the Company had a balance in cash and cash equivalents of $6,232 to settle current liabilities of $3,544. The Company's financial liabilities include accounts payable of $1,076 which have contractual maturities of 30 days or are due on demand.

The Company manages liquidity risk through its capital management as outlined in Note 6 to the financial statements.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices and foreign exchange rates. The Company is not exposed to price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are exposed to interest rate risk as the Company invests cash and cash equivalents at floating rates of interest in highly liquid instruments. Fluctuations in interest rates impact the value of cash and cash equivalents.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Currency Risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at July 31, 2019, the Company's expenditures are exclusively in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company does not believe it is exposed to any significant currency risk.

10. RESTRICTED USE OF PROCEEDS

Until completion of a Qualifying Transaction (as defined by the Exchange Policy), not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Company and $210,000, will be used for purposes other than to identify and evaluate businesses or assets and obtain shareholder approval for a proposed Qualifying Transaction (as defined by the Exchange Policy).