

ALPHANCO VENTURE CORP.

INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED OCTOBER 31, 2019

(Unaudited – Expressed in Canadian Dollars)

Notice of No Auditor Review

These unaudited interim financial statements of Alphanco Venture Corp. (the “Company”) have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3(3)(a) of National Instrument 51-102 - Continuous Disclosure Obligations.

ALPHANCO VENTURE CORP.
Interim Statements of Financial Position
As at October 31, 2019
(Unaudited - Expressed in Canadian dollars)

	October 31 2019	July 31 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,663	\$ 6,232
Accrued interest receivable	3,241	2,004
Short-term investment (note 3)	409,000	409,000
	\$ 417,904	\$ 417,236
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,294	\$ 3,076
	5,294	3,076
SHAREHOLDERS' EQUITY		
Share capital (note 4)	431,395	431,395
Reserves (note 4)	80,809	80,809
Deficit	(99,594)	(98,044)
	412,610	414,160
	\$ 417,904	\$ 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 interim financial statements

ALPHANCO VENTURE CORP.Interim Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	For the three months ended	
	October 31	
	2019	2018
Expenses		
Accounting and audit	\$ 1,203	\$ -
Office and administration	18	103
Legal fees (note 5)	-	3,979
Transfer agent and filing fees	1,566	5,250
Loss before other item	(2,787)	(9,332)
Other item		
Interest income	1,237	-
Net and comprehensive loss	\$ (1,550)	\$ (9,332)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	5,350,000	1,350,000

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

ALPHANCO VENTURE CORP.
Interim Statements of Cash Flow
(Unaudited - Expressed in Canadian dollars)

	For the three months ended October 31	
	2019	2018
Cash provided by (used in):		
Operating activities		
Net loss	\$ (1,550)	\$ (9,332)
Non-cash working capital items		
Accrued interest receivable	(1,237)	-
Prepaid expenses	-	(16,500)
Accounts payable	2,218	3,979
Net cash used in operating activities	(569)	(21,853)
Financing activities		
Proceeds from issuance of shares	-	135,000
Net cash flows provided by financing activities	-	135,000
Change in cash and cash equivalents	(569)	113,147
Cash and cash equivalents, beginning of the period	6,232	-
Cash and cash equivalents, end of the period	\$ 5,663	\$ 113,147

There were no significant non-cash transactions during the periods ended October 31, 2019 or 2018.

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

ALPHANCO VENTURE CORP.

Interim Statements of Changes in Equity

(Unaudited - 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 4)	2,700,000	135,000	-	-	135,000
Net loss for the period	-	-	-	(9,332)	(9,332)
Balance at October 31, 2018	2,700,000	\$ 135,000	\$ -	\$ (9,332)	\$ 125,668
Balance at August 1, 2019	6,700,000	431,395	80,809	(98,044)	414,160
Net loss for the period	-	-	-	(1,550)	(1,550)
Balance at October 31, 2019	6,700,000	\$ 431,395	\$ 80,809	\$ (99,594)	\$ 412,610

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

ALPHANCO VENTURE CORP.

NOTES TO THE FINANCIAL STATEMENTS

For the three month periods ended October 31, 2019 and 2018
(Unaudited - Expressed in Canadian dollars)

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 TSXV 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 ("Qualifying Transaction") as defined by the TSXV 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 interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

These interim financial statements of the Company are for the three months ended October 31, 2019 and were authorized for issue on December 17, 2019 by the directors of the Company.

2. BASIS OF PRESENTATION

Statement of compliance

These interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting, and the International Financial Reporting Interpretations Committee ("IFRIC").

The Company has consistently applied the same accounting policies in its interim financial statements and throughout all periods presented. These interim financial statements do not contain all of the information required for full annual financial statements. These interim financial statements for the three months ended October 31, 2019 should be read in conjunction with the annual July 31, 2019 financial statements, which were prepared in accordance with IFRS as issued by the IASB.

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. For the period ended October 31, 2019, the Company had not commenced any operations, had no profits, had an accumulated deficit of \$99,594 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

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(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

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.

Measurement Basis

These interim financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies within Note 3 of the July 31, 2019 financial statements. All amounts are expressed in Canadian dollars unless otherwise stated.

New accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The following pronouncements are those that the Company considers most significant and are not intended to be a complete list of new pronouncements that effect the financial statements.

IFRS 16 Leases

Issued in January 2016, IFRS which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019. As at October 31, 2019, the Company does not have any significant lease obligations.

3. SHORT-TERM INVESTMENT

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

4. SHARE CAPITAL AND RESERVES

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"), in connection with its listing as a capital pool company on the TSX Venture Exchange ("TSXV"). The common shares of the Company effectively commenced trading on the TSXV on March 4th, 2019.

In connection with the IPO, the Company issued a total of 4,000,000 common shares at \$0.10 per share

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4. SHARE CAPITAL AND RESERVES (continued)

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 following assumptions: risk-free interest rate of 1.78%; dividend yield of 0%; expected volatility of 127.9%; 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, the Company paid legal fees and expenses of \$22,966 relating to the 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 TSXV, 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 TSXV Policy, 50% of the escrowed shares will be cancelled if the issuer does not complete a Qualifying Transaction within 24 months.

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 fair value was determined to be \$0.08 per option estimated using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 1.80%; expected life of 5 years; dividend yield of 0%; expected volatility of 118.87%. 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 three months ended October 31, 2019 and the year ended July 31, 2019 follows:

	October 31 2019		July 31 2019	
	Number of Options Outstanding	Weighted Average Exercise Price	Options	price
Outstanding - beginning of period	670,000	\$ 0.10	-	\$ -
Issued	-	\$ -	670,000	\$ 0.10
Outstanding - end of period	670,000	\$ 0.10	670,000	\$ 0.10

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4. SHARE CAPITAL AND RESERVES (continued)

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

Expiry Date	Number of Options Outstanding	Number of Options Vested	Number of Options Unvested	Exercise Price	Weighted Average Remaining Life
February 27, 2024	670,000	670,000	Nil	\$ 0.10	4.33 years

Warrants

As at October 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

As at October 31, 2019, warrants outstanding had a weighted average remaining life of 1.33 years.

5. RELATED PARTY TRANSACTIONS

Key management personnel comprise the Company's Board of Directors and executive officers. No remuneration was paid to key management personnel during the three month period ended October 31, 2019.

During the three months ended October 31, 2019, the Company paid professional fees of \$Nil (2018 - \$3,979) to a sole practitioner law firm of which, Michael Woods, a director, is the sole practitioner. As of October 31, 2019, \$Nil is included in accounts payable and accrued liabilities related to these fees.

6. 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.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at October 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 cash and cash equivalents, short-term

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7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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:

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 is 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 October 31, 2019, the Company had a balance in cash and cash equivalents of \$5,663 to settle current liabilities of \$5,294. The Company's financial liabilities include accounts payable 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.

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7. 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 October 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.

8. RESTRICTED USE OF PROCEEDS

Until completion of a Qualifying Transaction, 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.