

# **ALPHANCO VENTURE CORP.**

## **INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED JANUARY 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 January 31, 2019  
(Unaudited - Expressed in Canadian dollars)

	<b>January 31 2019</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash	\$ 102,715
Prepaid expenses	16,500
	<u>\$ 119,215</u>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable and accrued liabilities (note 5)	\$ 10,028
	<u>10,028</u>
<b>SHAREHOLDERS' EQUITY</b>	
Share capital (note 4)	135,000
Deficit	(25,813)
	<u>109,187</u>
	<u>\$ 119,215</u>

Basis of presentation (note 2)

Subsequent events (note 8)

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 Statement of Comprehensive Loss  
(Unaudited - Expressed in Canadian dollars)

	<b>For the three months ended January 31 2019</b>	<b>For the six months ended January 31 2019</b>
<b>Expenses</b>		
Accounting and audit	\$ 3,098	\$ 3,098
Office and administration	12	115
Legal fees (note 5)	5,681	9,660
Transfer agent and filing fees	7,690	12,940
<b>Net and comprehensive loss for the period</b>	<b>\$ (16,481)</b>	<b>\$ (25,813)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>1,350,000</b>	<b>1,350,000</b>

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

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

	<b>For the six months ended January 31 2019</b>
<b>Cash provided by (used in):</b>	
<b>Operating activities</b>	
Net loss for the period	\$ (25,813)
Non-cash working capital items	
Prepaid expenses	(16,500)
Accounts payable	10,028
<b>Net cash (used in) operating activities</b>	<b>(32,285)</b>
<b>Financing activities</b>	
Proceeds from issuance of shares	135,000
<b>Net cash flows provided by financing activities</b>	<b>135,000</b>
<b>Change in cash and cash at end of the period</b>	<b>\$ 102,715</b>

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

**ALPHANCO VENTURE CORP.**

Interim Statement of Changes in Equity

(Unaudited - Expressed in Canadian dollars)

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	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Deficit</b>	<b>Total Shareholders' Equity</b>
<b>Balance at August 1, 2018</b>	-	\$ -	\$ -	\$ -
Issue of common shares for cash	2,700,000	135,000	-	135,000
Loss for the period	-	-	(25,813)	(25,813)
<b>Balance at January 31, 2019</b>	2,700,000	\$ 135,000	\$ (25,813)	\$ 109,187

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

**ALPHANCO VENTURE CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the six month period ended January 31, 2019  
(Unaudited - Expressed in Canadian dollars)

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**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 were authorized for issue on March 28, 2019 by the directors of the Company.

**2. BASIS OF PRESENTATION**

***Statement of compliance***

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

***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 January 31, 2019, the Company had not commenced any operations, had no profits, had accumulated deficit of \$25,813 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.

**ALPHANCO VENTURE CORP.**  
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**2. BASIS OF PRESENTATION (*continued*)**

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***

Cash consists of balances held at a large Canadian financial institution,

***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. The account specifically affected by estimates in these financial statements is deferred financing costs.

***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.

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.

**ALPHANCO VENTURE CORP.**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Financial instruments***

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value, plus transaction costs.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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")

Financial assets are classified at FVTPL when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

The Company has classified its cash as fair value through profit or loss. The Company's accounts payable and accrued liabilities are classified as amortized cost.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***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 January 31, 2019, the Company does not have any significant lease obligations.

**4. 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.

***Escrowed shares***

Under the requirements of the TSX Venture Exchange, 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 Corporation's qualifying transaction (the "Initial Release") and 15% thereafter 6, 12, 18, 24, 30, and 36 months from the date of such bulletin.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**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 six month period ended January 31, 2019.

During the six months ended January 31, 2019, the Company incurred legal fees of \$9,660 to an entity that is controlled by a director of the Company. As of January 31, 2019, \$9,660 is owed to this entity and is presented in accounts payable and accrued liabilities on the Company's statement of financial position at that date.

**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 January 31, 2019, the Company's financial instruments consist of cash and accounts payable and accrued liabilities.

In management's opinion, the Company's carrying value of cash and accounts payable and accrued liabilities approximates the fair value due to the immediate or short-term maturity of this instrument.

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 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.

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

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 January 31, 2019, the Company had a balance in cash of \$102,715 to settle current liabilities of \$10,028. The Company's financial liabilities include accrued expenses and 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 of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company had \$102,715 in cash as at January 31, 2019, on which it earns no interest, and therefore is not subject to interest rate risk.

***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 January 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. SUBSEQUENT EVENTS**

On February 28, 2019, the Company completed its Initial Public Offering (“IPO”), listed on the TSX Venture Exchange 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 the IPO, the Company paid cash commission and fees to its agent totaling \$55,000 and issued 400,000 broker warrants with a fair value of \$12,974. The broker warrants were valued using the Black Scholes option pricing model with the following assumptions: market price of \$0.0649, term of two years; volatility of 130%; and discount rate of 1.78%.

Upon completion of the IPO, the directors granted stock options to the directors and officers of the Company to purchase up to a total of 670,000 common shares exercisable at \$0.10 per share and expiring on February 28, 2024.