

ALPHANCO VENTURE CORP.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2020

AND

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

EXPRESSED IN CANADIAN DOLLARS

Mao & Ying LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

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 statements of financial position as at July 31, 2020 and 2019, and the statements of loss and comprehensive loss, changes in equity and cash flows for the year ended July 31, 2020 and 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, 2020, and its financial performance and its cash flows for the period from incorporation on August 1, 2019 to July 31, 2020 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 significant 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.

Vancouver, Canada
September 23, 2020

Mao & Ying LLP

Chartered Professional Accountants

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

	2020	2019
ASSETS		
Current assets		
Cash	\$ 7,087	\$ 6,232
Accrued interest receivable	553	2,004
Short-term investment (note 4)	399,000	409,000
	\$ 406,640	\$ 417,236
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,036	\$ 3,076
	3,036	3,076
SHAREHOLDERS' EQUITY		
Share capital (note 5)	431,395	431,395
Reserves (note 5)	80,809	80,809
Deficit	(108,600)	(98,044)
	403,604	414,160
	\$ 406,640	\$ 417,236

Basis of presentation (note 2)

Approved on behalf of the Board

Director "Michael Woods"
Michael WoodsDirector "Joanne Yan"
Joanne Yan*The accompanying notes are an integral part of these financial statements*

ALPHANCO VENTURE CORP.

Statements of Loss and Comprehensive Loss

For the Year Ended July 31 and Period from Incorporation August 1, 2018 to July 31, 2019

(Expressed in Canadian dollars)

	2020	2019
Expenses		
Accounting and audit	\$ 4,615	\$ 6,725
Office and administration	127	151
Legal fees (note 6)	-	9,660
Share-based compensation (note 5)	-	55,170
Transfer agent and filing fees	9,253	28,343
Loss before other item	(13,995)	(100,049)
Other item		
Interest income	3,439	2,005
Net and comprehensive loss	\$ (10,556)	\$ (98,044)
Basic and diluted loss per share	\$ (0.00)	\$ (0.03)
Weighted average number of common shares outstanding	5,350,000	2,982,603

The accompanying notes are an integral part of these financial statements

ALPHANCO VENTURE CORP.

Statements of Cash Flows

For the Year Ended July 31 and Period from Incorporation August 1, 2018 to July 31, 2019

(Expressed in Canadian dollars)

	2020	2019
Cash provided by (used in):		
Operating activities		
Net loss	\$ (10,556)	\$ (98,044)
Add item not involving cash:		
Share-based compensation	-	55,170
Non-cash working capital items		
Accrued interest receivable	1,451	(2,004)
Accounts payable and accrued liabilities	(40)	3,076
Cash used in operating activities	(9,145)	(41,802)
Investing activities		
Redemption (Purchase) of short-term investment	10,000	(409,000)
Cash provided by (used in) investing activities	10,000	(409,000)
Financing activities		
Proceeds from issuance of shares	-	535,000
Share issue costs	-	(77,966)
Cash provided by financing activities	-	457,034
Change in cash	855	6,232
Cash, beginning of the year	6,232	-
Cash, end of the year	\$ 7,087	\$ 6,232

There were no significant non-cash transactions during the years ended July 31, 2020 or 2019.

The accompanying notes are an integral part of these financial statements

ALPHANCO VENTURE CORP.

Statements of Changes in Equity

For the Year Ended July 31 and Period from Incorporation August 1, 2018 to July 31, 2019

(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
Net loss	-	-	-	(10,556)	(10,556)
Balance at July 31, 2020	6,700,000	\$ 431,395	\$ 80,809	\$ (108,600)	\$ 403,604

The accompanying notes are an integral part of these financial statements

ALPHANCO VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended July 31, 2020 and Period from Incorporation August 1, 2018 to July 31, 2019
(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 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.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

These financial statements of the Company are for the year ended July 31, 2020 and were authorized for issue on September 23, 2020 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.

ALPHANCO VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended July 31, 2020 and Period from Incorporation August 1, 2018 to July 31, 2019
(Expressed in Canadian dollars)

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, 2020, the Company had not commenced any operations, had no profits, had an accumulated deficit of \$108,600 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

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

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.

ALPHANCO VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended July 31, 2020 and Period from Incorporation August 1, 2018 to July 31, 2019
(Expressed in Canadian dollars)

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 instruments. 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 short-term investment as FVTPL, accrued interest receivable at amortized cost and accounts payable and accrued liabilities at amortized cost.

ALPHANCO VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended July 31, 2020 and Period from Incorporation August 1, 2018 to July 31, 2019
(Expressed in Canadian dollars)

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.

ALPHANCO VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended July 31, 2020 and Period from Incorporation August 1, 2018 to July 31, 2019
(Expressed in Canadian dollars)

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.

Recent accounting pronouncements

IRFS 16 Leases is effective for accounting periods beginning on or after January 1, 2019. This standard sets out a new model for lease accounting. The Company believes that the adoption of this standard has not had a significant impact on its financial statements as it has no leases.

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 Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

ALPHANCO VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended July 31, 2020 and Period from Incorporation August 1, 2018 to July 31, 2019
(Expressed in Canadian dollars)

4. SHORT-TERM INVESTMENT

Short-term investment represents GIC deposits at a large Canadian financial institution with a maturity of more than 90 days when purchased.

5. SHARE CAPITAL

Authorized

Unlimited common shares without par value

Issued

Shares issued and outstanding at July 31, 2020 are 6,700,000 (2019 – 6,700,000).

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 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 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 (being 1,350,000) will be cancelled if the issuer does not complete a Qualifying Transaction before February 28, 2021, except if a Qualifying Transaction is in process and the Exchange extends the date within which such Qualifying Transaction must complete in order to avoid cancellation of escrow shares. This amount is not included in the calculation of diluted loss per share as inclusion of contingent shares would be anti-dilutive.

ALPHANCO VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended July 31, 2020 and Period from Incorporation August 1, 2018 to July 31, 2019
(Expressed in Canadian dollars)

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 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 years ended July 31 follows:

	2020		2019	
	Number of Options Outstanding	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding - beginning of year	670,000	\$ 0.10	-	\$ -
Issued	-	\$ -	670,000	\$ 0.10
Outstanding - end of year	670,000	\$ 0.10	670,000	\$ 0.10

Details of the share options outstanding and exercisable as at July 31, 2020 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	3.58 years

ALPHANCO VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended July 31, 2020 and Period from Incorporation August 1, 2018 to July 31, 2019
(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

Warrants

As at July 31, 2020, 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 July 31, 2020, warrants outstanding had a weighted average remaining life of 0.58 years.

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 during the years ended July 31, 2020 or 2019.

During the year ended July 31, 2020, the Company paid professional fees of \$Nil (2019 - \$9,660) to a sole practitioner law firm of which, Michael Woods, a director, is the sole practitioner. As of July 31, 2020 and 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.

ALPHANCO VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended July 31, 2020 and Period from Incorporation August 1, 2018 to July 31, 2019
(Expressed in Canadian dollars)

8. INCOME TAX

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

	2020	2019
Loss before income taxes	\$ (10,556)	\$ (98,044)
Statutory income tax rate	27.00%	27.00%
Expected income tax recovery	(2,850)	(26,472)
Non-deductible items	-	14,896
Change in tax benefits not recognized	2,850	11,576
Income tax recovery	\$ -	\$ -

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

	2020	2019
Non-capital losses available for future period	\$ 53,431	\$ 42,875
Total unrecognized deferred income tax assets	\$ 53,431	\$ 42,875

The Company has non-capital losses of approximately \$53,431 which may be carried forward to apply against future income for Canadian tax purposes, subject to final determination by taxation authorities expiring in 2040.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at July 31, 2020, the Company's financial instruments consist of cash, short-term investment, accrued interest receivable and accounts payable.

In management's opinion, the Company's carrying value of and cash, short-term investment, accrued interest receivable 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 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.

ALPHANCO VENTURE CORP.
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended July 31, 2020 and Period from Incorporation August 1, 2018 to July 31, 2019
(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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, 2020, the Company had a balance in cash of \$7,087 to settle current liabilities of \$3,036. The Company's financial liabilities include accounts payable of \$705 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 7 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 short-term investment are exposed to interest rate risk as the Company invests cash and short-term investment at floating rates of interest in highly liquid instruments. Fluctuations in interest rates impact the value of cash and short-term investment.

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, 2020, 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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For the Year Ended July 31, 2020 and Period from Incorporation August 1, 2018 to July 31, 2019
(Expressed in Canadian dollars)

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).