

**Creation Capital Corp.**  
(A Capital Pool Company)

Interim Financial Statements  
(Unaudited)  
**September 30, 2018**  
(in Canadian dollars)

# Creation Capital Corp.

(A Capital Pool Company)

Interim Balance Sheet

(Unaudited)

As at September 30, 2018

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(in Canadian dollars)

|  | \$              |
|--|-----------------|
| <b>Assets</b>                            |                 |
| Cash                                     | 164,464         |
| GST recoverable                          | 1,041           |
| Deferred financing costs (note 5)        | <u>65,095</u>   |
|  | <u>230,600</u>  |
| <b>Liabilities</b>                       |                 |
| Accounts payable and accrued liabilities | <u>52,406</u>   |
| <b>Shareholders' Equity</b>              |                 |
| Share capital (note 4)                   | 200,000         |
| Deficit                                  | <u>(21,806)</u> |
|  | <u>178,194</u>  |
|  | <u>230,600</u>  |
| <b>Nature of operations</b> (note 1)     |                 |
| <b>Subsequent event</b> (note 9)         |                 |

**Approved by the Board of Directors**

*"Wade Nesmith"*

Director

*"David Blaiklock"*

Director

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

# Creation Capital Corp.

(A Capital Pool Company)

## Interim Statements of Loss and Comprehensive Loss (Unaudited)

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(in Canadian dollars)

|   | <b>Three months<br/>ended<br/>September 30,<br/>2018<br/>\$</b> | <b>Period from<br/>February 15,<br/>2018 (date of<br/>incorporation)<br/>to<br/>September 30,<br/>2018<br/>\$</b> |
|---|---|---|
| <b>Operating and administrative expenses</b>                |   |   |
| Professional fees   | 3,039   | 15,585  |
| Filing fees   | 6,221   | 6,221   |
|   | <hr/>   | <hr/>   |
| <b>Net loss and comprehensive loss for the period</b>       | <b>(9,260)</b>  | <b>(21,806)</b>   |
|   | <hr/>   | <hr/>   |
| <b>Net loss per share</b>                                   |   |   |
| Basic and diluted   | 0.00  | 0.00  |
|   | <hr/>   | <hr/>   |
| <b>Weighted average number of common shares outstanding</b> | <b>4,000,000</b>  | <b>4,000,000</b>  |
| Basic and diluted (note 4)                                  | <hr/>   | <hr/>   |

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

# Creation Capital Corp.

(A Capital Pool Company)

Interim Statement of Changes in Equity

(Unaudited)

**For the period from February 15, 2018 (date of incorporation) to September 30, 2018**

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(in Canadian dollars)

|                                     | Share capital<br>(number<br>of shares -<br>fully paid) | Share capital<br>\$ | Deficit<br>\$   | Total<br>\$    |
|-------------------------------------|--|---------------------|-----------------|----------------|
| Private placement (note 4)          | 4,000,000  | 200,000             | -               | 200,000        |
| Net loss for the period             | -  | -                   | (21,806)        | (21,806)       |
| <b>Balance - September 30, 2018</b> | <b>4,000,000</b>                                       | <b>200,000</b>      | <b>(21,806)</b> | <b>178,194</b> |

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

# Creation Capital Corp.

(A Capital Pool Company)

Interim Statement of Cash Flows

(Unaudited)

**For the period from February 15, 2018 (date of incorporation) to September 30, 2018**

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(in Canadian dollars)

|   | \$                  |
|---|---------------------|
| <b>Cash flows from operating activities</b>       |                     |
| Net loss for the period                           | (21,806)            |
| Changes in non-cash working capital               |                     |
| GST recoverable                                   | (1,041)             |
| Deferred financing costs                          | (65,095)            |
| Accounts payable and accrued liabilities          | 52,406              |
|   | <hr/>               |
|   | (35,536)            |
| <b>Cash flows from financing activities</b>       |                     |
| Proceeds received from private placement (note 4) | 200,000             |
|   | <hr/>               |
| <b>Increase in cash for the period</b>            | 164,464             |
| <b>Cash - Beginning of period</b>                 | <hr/> -             |
| <b>Cash - End of period</b>                       | <hr/> <hr/> 164,464 |

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

# **Creation Capital Corp.**

(A Capital Pool Company)

Notes to Interim Financial Statements

(Unaudited)

**September 30, 2018**

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(in Canadian dollars)

## **1 Nature of operations**

Creation Capital Corp. (the “Company”) was incorporated under the British Columbia Business Corporations Act on February 15, 2018. The Company is classified as a Capital Pool Company as defined in the TSX Venture Exchange (the “Exchange”) Policy 2.4. The principal business of the Company is the identification and evaluation of a Qualifying Transaction (“QT”) and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. The Company has not commenced commercial operations and has no significant assets other than a minimum amount of cash.

The registered and records office is located at Suite 1500, 1055 West Georgia Street, Vancouver, BC, V6E 4N7.

## **2 Basis of presentation and significant accounting policies**

### **Statement of compliance**

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and the requirements of International Accounting Standard 34, *Interim Financial Reporting*.

### **Basis of presentation**

These interim financial statements have been prepared on a historical cost basis. The interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

### **Significant accounting policies**

#### **a) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

# Creation Capital Corp.

(A Capital Pool Company)

Notes to Interim Financial Statements

(Unaudited)

September 30, 2018

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(in Canadian dollars)

i) Financial assets

The Company adopted IFRS 9, *Financial Instruments*, on its incorporation. IFRS 9 replaces International Accounting Standards (“IAS”) 39, *Financial Instruments: Recognition and Measurement*.

*Classification*

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

At present, the Company classifies all financial assets as held at amortized cost.

*Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its financial assets:

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

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- Fair value through OCI (“FVOCI”): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of loss and comprehensive loss in the period in which it arises.

## ii) Financial liabilities

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

At present, the Company classifies all of its financial liabilities as held at amortized cost. These financial liabilities are classified as current liabilities as the payment is due within 12 months.

## b) Income (loss) per share

Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. The computation of diluted income (loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on income (loss) per share. For this purpose, the treasury stock method is used for the assumed proceeds upon the exercise of stock options and warrants that are used to purchase common shares at the average market price during the period.

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(in Canadian dollars)

c) Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted by the end of the reporting date.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity. The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with the Company's accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which the assets are realized or the liabilities settled. A valuation allowance is recorded against any deferred tax asset if it is not probable to be utilized against future taxable profit.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

d) Share issuance costs

Costs directly attributable to the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

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e) Adoption of new IFRS pronouncements

In accordance with the transitional provisions outlined in the respective standard and described below, the Company adopted the following new IFRS pronouncements at its incorporation on February 15, 2018:

i) Revenue recognition

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which supersedes IAS 11, *Construction Contracts*; IAS 18, *Revenue*; IFRIC 13, *Customer Loyalty Programmes*; IFRIC 15, *Agreements for the Construction of Real Estate*; IFRIC 18, *Transfers of Assets from Customers*; and SIC 31, *Revenue - Barter Transactions Involving Advertising Services*. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 has an effective date of January 1, 2018. The Company currently has no reported revenue and has assessed that IFRS 15 does not have a significant impact on its interim financial statements.

ii) Share-based payment

In November 2016, the IASB revised IFRS 2, *Share-based Payment*, to incorporate amendments issued by the IASB in June 2016. The amendments provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. The Company currently has no share-based payment arrangements and has assessed that IFRS 2 does not have a significant impact on its interim financial statements.

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f) Recent accounting pronouncements

The following new standards and amendments to standards have been issued but are not effective during the period ended September 30, 2018:

i) Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which replaces IAS 17, *Leases*, and its associated 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 remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company has assessed the impact of IFRS 16 and has concluded that it is not expected to have a significant impact on its financial statements.

### **3 Significant accounting estimates and judgments**

The preparation of interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the interim financial statements and accompanying notes. Management believes the estimates and assumptions used in these interim financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

### **4 Share capital**

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding

On February 15, 2018, certain directors and officers of the Company subscribed for 3,000,000 common shares of the Company at \$0.05 per share, for total receipts of \$150,000. No costs were incurred in connection with this share issuance. In addition, 1,000,000 common shares of the Company at \$0.05 per share were subscribed for by persons other than directors and officers of the Company for total proceeds of \$50,000.

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**5 Deferred financing costs**

Deferred financing costs constitute legal fees and other costs in connection with the Company's Offering (note 9).

**6 Related party transactions**

Key management personnel consists of officers and directors of the Company. No compensation was paid to key management personnel during the period from incorporation to September 30, 2018.

**7 Financial instruments**

As at September 30, 2018, the Company's financial instruments consist of cash and accounts payable. The Company classifies cash as financial assets measured at amortized cost. The Company classifies accounts payable as financial liabilities held at amortized cost.

The fair value of these financial instruments is equal to their carrying value due to the short term to maturity and the insignificant impact of the Company's own credit risk and counterparty credit risk on the fair value of accounts payable and cash, respectively.

The risk exposure arising from these financial instruments is summarized as follows:

a) Credit risk

The Company holds all cash balances with a highly rated Canadian financial institution, therefore minimizing the Company's credit risk.

b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities when due.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings or financial instruments. The Company's activities have been transacted only in Canadian dollars since incorporation and until September 30, 2018; in addition, the Company carries no interest bearing debt. As such, the Company has minimal market risk at present.

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**September 30, 2018**

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(in Canadian dollars)

## **8 Capital management**

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the identification and evaluation of a QT. The Company considers capital to be all accounts in equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds may be required to finance the Company's QT. In accordance with Policy 2.4 of the Exchange, the proceeds raised from the sale of securities may only be used to identify and evaluate assets or businesses, and obtain shareholder approval for a QT, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities, or \$210,000, may be used for purposes other than such identification and evaluation of businesses or assets. These restrictions apply until completion of a QT by the Company as defined under Policy 2.4 of the Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval to list its shares on the Exchange.

## **9 Subsequent event**

On October 29, 2018, the Company completed its initial public offering of 5,000,000 common shares in the capital of the Company (the "Shares") at \$0.10 per Share for gross proceeds of \$500,000 (the "Offering") pursuant to a prospectus dated September 24, 2018 (the "Prospectus") filed with the British Columbia and Alberta Securities Commissions. The Company's Shares were listed on the Exchange on October 29, 2018 (the "Listing Date") and commenced trading as a Capital Pool Company on Tier 2 of the Exchange on October 31, 2018 under the symbol CRN.P.

Canaccord Genuity Corp. (the "Agent") acted as the agent for the Offering. Pursuant to the Offering, the Company compensated the Agent as follows: (1) \$50,000 cash commission, (2) \$15,000 administration fee, and (3) options to purchase up to 500,000 Shares of the Company at a price of \$0.10 per Share exercisable for a period of 24 months from the Listing Date. The Company also granted to its directors and officers incentive options to acquire up to 675,000 Shares at a price of \$0.10 per Share, exercisable for a period of 10 years from the Listing Date.