

Financial Statements of
ITOK Capital Corp.

Years ended
December 31, 2018 and 2017

ITOK Capital Corp.
Financial Statements
December 31, 2018 and 2017

Table of Contents

Financial Statements

Independent Auditor's Report	1
Statements of Financial Position	5
Statements of Changes in Shareholders' Equity	6
Statements of Loss and Comprehensive Loss	7
Statements of Cash Flows	8
Notes to Financial Statements	9-25

INDEPENDENT AUDITOR'S REPORT

To the shareholders of **ITOK Capital Corp.**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ITOK Capital Corp.** (the "Corporation"), which comprise of the statements of financial position as at **December 31, 2018** and **December 31, 2017**, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, 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 Corporation as at **December 31, 2018** and **December 31, 2017**, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit 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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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

Without qualifying our audit opinion, 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 Corporation's ability to continue as a going concern



INDEPENDENT AUDITOR'S REPORT

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.



INDEPENDENT AUDITOR'S REPORT

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 Corporation'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 Corporation'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 Corporation 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITOR'S REPORT

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 Sadik Najarali.

NVS Chartered Accountants Professional Corporation

NVS Chartered Accountants Professional Corporation
Authorized to practice public accounting by
Chartered Professional Accountants of Ontario

Markham, Ontario
August 14, 2019

ITOK Capital Corp.
Statements of Financial Position
(Expressed in Canadian dollars)

As at December 31,	Note	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	6	\$ -	\$ -
Total assets		\$ -	\$ -
LIABILITIES			
Current liabilities			
Trade and other payables	6	\$ 254,668	\$ 225,794
Loan payable	7	90,000	90,000
		344,668	315,794
SHAREHOLDERS' EQUITY			
Capital stock	8	292,991	292,991
Other capital reserves		65,074	65,074
Deficit		(702,733)	(673,859)
		(344,668)	(315,794)
Total liabilities and shareholders' equity		\$ -	\$ -

Approved on behalf of the Board:

"Charles McMillan" (signed) Director

"Muhammad Azimuddin" (signed) Director

See accompanying notes to financial statements.

ITOK Capital Corp.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	<u>Share Capital</u>		Other Capital Reserves	Deficit	Total shareholders' equity
	Number of shares	Amount			
Balance, January, 1 2017	1,333,332	\$ 292,991	\$ 65,074	\$ (644,838)	\$ (286,773)
Net loss for the period	-	-	-	(29,021)	(29,021)
Balance, December 31, 2017	1,333,332	\$ 292,991	\$ 65,074	\$ (673,859)	\$ (315,794)
Net loss for the period	-	-	-	(28,874)	(28,874)
Balance December 31, 2018	1,333,332	\$ 292,991	\$ 65,074	\$ (702,733)	\$ (344,668)

See accompanying notes to financial statements.

ITOK Capital Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the year ended December 31,	Note	2018	2017
EXPENSES			
General and administrative expenses		\$ 18,074	\$ 14,146
Interest expense	7	10,800	14,875
		28,874	29,021
NET LOSS AND COMPREHENSIVE LOSS		\$ (28,874)	\$ (29,021)
Loss per share			
Basic and diluted	9	\$ (0.03)	\$ (0.03)
Weighted average number of shares outstanding			
Basic and diluted	9	1,000,000	1,000,000

See accompanying notes to financial statements.

ITOK Capital Corp.
Statements of Cash Flows
(Expressed in Canadian dollars)

For the year ended December 31,	Note	2018	2017
OPERATING ACTIVITIES			
Net loss		\$ (28,874)	\$ (29,021)
Items not affecting cash:			
Accretion of debt discount on loan payable	7	-	4,075
		(28,874)	(24,946)
Changes in non-cash working capital:			
Increase in accounts payable and accrued liabilities		28,874	24,946
Cash flows relating to operating activities		-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		-	-
Cash and cash equivalents, beginning		-	-
Cash and cash equivalents, ending		\$ -	\$ -

Supplemental Disclosure with Respect to Cash Flows (Note 13)

See accompanying notes to financial statements.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

1. NATURE OF BUSINESS

ITOK Capital Corp. (the "Corporation") was incorporated under the Business Corporations Act of Ontario on January 21, 2005 and its shares have been listed for trading on the TSX Venture Exchange (the "Exchange") on May 2, 2008. The Corporation is a Capital Pool Corporation as defined in Exchange Policy 2.4. The principal business of the Corporation is the identification and evaluation of assets or businesses and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder and regulatory approval.

The Corporation's principal address and registered office is 730 Davis Drive, Newmarket, Ontario, L3Y 2R4

The Corporation's ability to continue as a going concern is dependent upon the Corporation's ability to identify, evaluate and complete a Qualifying Transaction (as such term is defined in Exchange Policy 2.4). Until completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. With the consent of the Exchange, the Corporation may raise additional funds. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Corporation be unable to identify or complete a suitable Qualifying Transaction within the permitted time prescribed by Exchange Policy 2.4.

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements were authorized for issue by the directors of the Corporation on August 14, 2019.

The financial statements of the Corporation are presented in Canadian dollars except where otherwise indicated.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents and cash flows

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above. The Corporation did not have any cash equivalents as of December 31, 2018.

(b) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share-based payments are recognized as a deduction from equity, net of any tax effects.

(c) Share-based compensation

The Corporation has a share-based compensation plan. The Corporation accounts for share-based payment options granted to employees and consultants using the fair value method. Under this method, compensation expense for share-based compensation granted is measured at the fair value at the grant date (where there is a shared understanding), using the Black-Scholes option valuation model. In accordance with the fair value method, the Corporation recognizes estimated compensation expense related to share-based compensation over the vesting period of the options granted, with the related credit being charged to contributed surplus. Consideration paid by employees on the exercise of share-based compensation is recorded as share capital and the related share-based compensation is transferred from contributed surplus to share capital.

(d) Provisions

Provisions are recognized when the Corporation has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Corporation expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of loss and comprehensive loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized in the statement of loss and comprehensive loss.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of loss except to the extent that it relates to items recognized directly in equity or in other comprehensive loss.

Current income tax

Current income tax assets and liabilities for the respective and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the country where the Corporation operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of loss and comprehensive loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Deferred tax

Deferred 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 purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in the subsidiary where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

ITOK Capital Corp.
Notes to Financial Statements
For the years ended December 31, 2018 and 2017
(Expressed in Canadian dollars, unless otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax (cont'd)

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in the subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside the statement of loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive loss or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current income tax liabilities.

(f) Loss per share

The Corporation presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated using the weighted average number of common shares that are outstanding during the period. Diluted loss per share is calculated using the weighted average number of common and potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and warrants using the treasury method. The treasury method assumes that the proceeds from the issuance of potential common shares are used to purchase common shares at the average share price during the period.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Debentures

The Corporation accounts for its convertible debentures as financial instruments in accordance with IAS 32 which requires that both elements of debt and equity be accounted for in accordance with the substance of the contractual arrangement on initial recognition. The debenture is fair valued using an appropriate market rate of interest applicable to the debt, assuming it had no conversion feature or attached warrants. The excess of the net proceeds received from the debenture over the fair value of the debenture (residual value method) is then allocated, based on their proportionate fair values, to the conversion feature and warrants. The estimated fair value of the conversion feature and warrants issued have been included in shareholders' equity through contributed surplus. The carrying value of the liability component is being accreted to the principal face amount as additional interest expense over the term of the liability using the effective interest rate method.

As at December 31, 2018 and 2017, the Corporation had a debenture with a carrying value of \$90,000 and \$90,000, respectively, and accrued interest payable in relation to the debenture of \$40,732 and \$29,932, respectively.

(h) Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, "Financial Instruments: Classification and Measurement".

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

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Corporation may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Financial instruments (cont'd)

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL. Trade receivables are measured at amortized cost.

Impairment of financial assets

IFRS 9 uses the expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Corporation’s receivables.

Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade payable and loan payable are classified under other financial liabilities and carried on the statement of financial position fair value through profit or loss.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Leases

Finance leases, which transfer to the Corporation substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the statement of profit and loss and comprehensive loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. For the period ending December 31, 2018 and December 31, 2017 the Corporation did not hold any finance leases.

Operating lease payments are recognized as an expense in the statement of profit and loss and comprehensive loss on a straight line basis over the lease term.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Corporation's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting years. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

In the process of applying the Corporation's accounting policies, management has made the following judgment, which has the most significant effect on the amounts recognized in the financial statements.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the range of business relationships and the long-term nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

The Corporation establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets, if any, are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Going concern

The Corporation's ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon the Corporation's ability to obtain the ongoing support of its lenders, investors, obtain profitable operations and raise additional capital. These financial statements do not include any adjustments to the carrying value and classification of assets and liabilities that would necessary should the Corporation not be able to continue as a going concern and such adjustments could be material.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

5. NEW ACCOUNTING PRONOUNCEMENTS

(a) Accounting standards adopted effective January 1, 2018

Effective January 1, 2018, the following standards were adopted without any material impact on the interim financial statements.

IFRS 9 – Financial Instruments (“IFRS 9”)

The Corporation adopted IFRS 9 effective January 1, 2018 on a retrospective basis and applied the transitional provisions, so that any adjustments would be recorded in opening retained earnings at July 1, 2018. IFRS 9, addresses the classification, measurement and recognition of financial assets and financial liabilities.

The adoption of IFRS 9 supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: (i) those measured at fair value through profit and loss, (ii) those measured at fair value through other comprehensive income and (iii) those measured at amortized cost. Measurement and classification of financial assets is dependent on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the IFRS 9 requirements are similar to those of IAS 39. The main distinction is that in cases where the fair value option is chosen for financial liabilities, the portion of a fair value change relating to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a single expected credit loss model for calculating impairment for financial assets, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Corporation’s financial statements and did not result in a transitional adjustment.

The Corporation has no hedges on its financial statements for the reporting period.

The Corporation has concluded that the adoption of IFRS 9 did not require any transitional adjustments to the classification or measurement of the Corporation’s financial assets and financial liabilities.

IFRS 2 – Share-based Payments (“IFRS 2”)

In June 2016 the Board issued the final amendments to IFRS 2 which amended (a) the effects that vesting conditions have on the measurement of a cash-settled share-based payment; (b) the accounting for modification of the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled; and (c) classification of share-based payment transactions with net settlement features.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

5. NEW ACCOUNTING PRONOUNCEMENTS (cont'd)

The adoption of IFRS 2, effective January 1, 2018, did not have a material impact on the Corporation's financial statements.

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”)

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") 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 comprehensive five-step framework for the timing and measurement of revenue recognition.

The adoption of IFRS 15, effective January 1, 2018, did not have any impact on the Corporation's financial statements as the Corporation does not currently have revenue.

(b) Accounting standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of authorization of these financial statements are disclosed below. Management anticipates that all of the pronouncements will be adopted in the accounting policy for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the financial statements is provided below:

IFRS 16 – Leases (“IFRS 16”)

On January 13, 2017, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, this new standard replaces IAS 17 “Leases” and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

At the date of the approval of the financial statements, a number of other standards and interpretations were in issue but not yet effective. The Corporation considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Corporation's financial statements.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

6. BASIS OF FAIR VALUE

The Corporation's financial instruments consist of trade and other payables and loans payable. The fair value of the Corporation's trade and other payables and loans payable approximate the carrying value, which is the amount on the interim statements of financial position due to their short-term maturities or ability of prompt liquidation.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

The Corporation does not have any financial instruments measured at fair value on a recurring basis as at December 31, 2018.

7. LOANS PAYABLE

On March 23, 2015, the Corporation issued \$90,000 convertible debentures, bearing simple interest rate of 12% per annum with maturity date on December 31, 2017. The holder at any time may convert all or any part of the outstanding principal and accrued interest into units at a conversion price of \$0.05 per unit. Upon issuance, a debt discount of \$10,871 was recorded to equity and was accreted over the life of the debenture. During the years ended December 31, 2018 and 2017, the Corporation recorded \$Nil and \$4,075, respectively in accretion expense on the debenture.

The following table sets forth the Corporation's debenture liability as at December 31, 2018 and December 31, 2017:

	December 31, 2018		December 31, 2017	
Debenture liability at open	\$	90,000	\$	85,925
Plus: accretion of discount on debenture		-		4,075
Debenture liability at year end	\$	90,000	\$	90,000
Current portion	\$	90,000	\$	90,000

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

7. LOANS PAYABLE (cont'd)

As at December 31, 2018 and 2017, the carrying value of the convertible debenture was \$90,000 and had accrued interest payable totaling \$40,732 and \$29,932, respectively.

8. SHARE CAPITAL

The authorized share capital consists of an unlimited number of non-voting, non-participating, non-cumulative preference shares, redeemable at the option of the Corporation or the holder preferred shares and common shares. To date, no preferred shares have been issued.

(a) Shares issued

During the year ended December 31, 2018 and 2017, the Corporation did not issue any shares of common stock.

(b) Shared-based payments

The Corporation has a stock option plan administered by the Board of Directors. The Board of Directors may, from time to time and at its discretion and in accordance with the Exchange's requirements, grant to directors, officers, employees and technical consultants of the Corporation, non-transferable options to purchase common shares. Under the terms of the stock option plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares.

Options will be exercisable for a period of up to five years from the date of the grant. The number of common shares reserved for issuance to any individual director, officer or employee will not exceed 5% of the issued and outstanding common shares. The number of common shares reserved for issuance to technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Corporation, with the exception that if the cessation of the office, directorship, employment or technical consulting arrangements was by reason of death, in which case the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such options. Any common shares acquired pursuant to the exercise of options prior to completion of the Qualifying Transaction will be subject to escrow restrictions.

As of December 31, 2018, there were no options issued or outstanding.

9. LOSS PER SHARE

Basic loss per share is calculated by dividing net earnings for the period attributable to ordinary equity holders of the parent by the weighted average number of common shares outstanding during the period.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

9. LOSS PER SHARE (cont'd)

The following reflects the net loss and unit data used in the basic and diluted loss per share computations:

For the years ended December 31,	2018	2017
Weighted average number of shares – basic and diluted:		
Issued common shares as at January 1,	1,333,332	1,333,332
Effect of common shares issued during the period	-	-
Effect of escrowed shares	(333,332)	(333,332)
	1,000,000	1,000,000
Net loss	\$ (28,874)	\$ (29,021)
Net loss per share – basic and diluted	\$ (0.03)	\$ (0.03)

Excluded from weighted average common shares outstanding is 333,332 escrowed shares.

10. CAPITAL DISCLOSURE

The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk by monitoring its net debt position. In the management of capital, the Company includes the components of shareholders' deficiency, cash, trade and other payables and loans payable, which are summarized below for the years ended December 31,

	2018	2017
Loans payable	\$ 90,000	\$ 90,000
Trade and other payables	254,668	225,794
Less: cash	-	-
Net debt	344,668	315,794
Shareholder's deficiency	(344,668)	(315,794)
Capital and net debt	\$ -	\$ -

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Corporation uses the following;

- a) Issue new shares
- b) Issue new debt

As at December 31, 2018, the Corporation has not entered into any debt financing with any financial institution.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

10. CAPITAL DISCLOSURE (cont'd)

The Corporation is dependent on the capital markets as its sole source of operating capital and the Corporation's capital resources are largely determined by the strength of the junior resource markets and by the status of the Corporation's projects in relation to these markets and its ability to compete for investor support of its projects. The Corporation is not subject to any externally imposed capital requirements. There has been no change in the Corporation's approach to capital management during the year ended December 31, 2018.

11. FINANCIAL RISK MANAGEMENT

The Corporation is exposed to varying degrees to a variety of financial instrument related risks:

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash and receivables are exposed to credit risk. The Corporation reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at December 31, 2018, the Corporation is not exposed to any significant credit risk.

(b) 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. Included in the loss for the year in the financial statements is interest expense on loans payable. The Corporation has debt instruments at fixed rates and is therefore not exposed to risk in the event of interest rate fluctuations. As at December 31, 2018, the Corporation is not exposed to any significant interest rate risk.

(c) Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Corporation addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Corporation has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

As at December 31, 2018, the Corporation had cash and cash equivalents of \$Nil to settle current liabilities of \$343,756. The Corporation will require additional financings to meet its short-term financial obligations.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

11. FINANCIAL RISK MANAGEMENT (cont'd)

The table below summarizes the maturity profile of the Corporation's financial liabilities at December 31, 2018 and 2017:

As at December 31, 2018	On demand	Less than 1 year	1-2 years	Later than 2 years	Total
Trade payables	\$ 192,866	\$ -	\$ -	\$ -	192,866
Accrued liabilities	21,070	-	-	-	21,070
Interest payable	40,732	-	-	-	40,732
Loan payable	90,000	-	-	-	90,000
Total liabilities	\$ 344,668	\$ -	\$ -	\$ -	344,668

As at December 31, 2017	On demand	Less than 1 year	1 -2 years	Later than 2 years	Total
Trade payables	\$ 172,532	\$ -	\$ -	\$ -	172,532
Accrued liabilities	23,330	-	-	-	23,330
Interest payable	29,932	-	-	-	29,932
Loans payable	90,000	-	-	-	90,000
Total liabilities	\$ 315,794	\$ -	\$ -	\$ -	315,794

Based on management's knowledge and experience of the financial markets, management does not believe that the Corporation's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk and price risk.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

12. INCOME TAXES

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

Year ended December 31,	2018	2017
Loss before income taxes	\$ (28,874)	\$ (29,021)
Income tax rate	26.50%	26.50%
Expected income tax recovery	\$ (7,652)	\$ (7,691)
Effect on income taxes of:		
Net change in valuation allowance	7,652	7,691
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Corporation's deferred tax assets are as follows:

Year ended December 31,	2018	2017
Deferred tax assets		
Non-capital losses carried forward	181,692	174,041
Less: Valuation allowance	(181,692)	(174,041)
	\$ -	\$ -

No net deferred tax asset has been recognized in respect of the above for the years ended December 31, 2018 and 2017 because the amount of future taxable income that will be available to realize such assets is not probable.

ITOK Capital Corp.

Notes to Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise noted)

12. INCOME TAXES (cont'd)

The Corporation has non-capital losses for Canadian income tax purposes of approximately \$685,632 (2017: \$656,758) which may be carried forward and applied against taxable income in future years. The non-capital losses expire as follows:

2027	\$	26,107
2028		68,292
2029		26,194
2030		10,525
2031		126,449
2032		31,216
2033		30,432
2034		22,923
2035		88,840
2036		196,759
2037		29,021
2038		28,874
		<hr/>
	\$	685,632

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows.

Year ended December 31, 2017:

- a) Loan payable increased due to accretion expense of \$4,075 recorded pursuant to the debenture (Note 7).