

FARSTARCAP INVESTMENT CORP.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the years ended September 30, 2018 and 2017



Deloitte LLP
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: 604-669-4466
Fax: 778-374-0496
www.deloitte.ca

Independent Auditor's Report

To the Shareholders of
Farstarcap Investments Corp.

We have audited the accompanying financial statements of Farstarcap Investment Corp., which comprise the statements of financial position as at September 30, 2018 and September 30, 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended September 30, 2018 and September 30, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Farstarcap Investment Corp. as at September 30, 2018 and September 30, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that Farstarcap Investment Corp. had no business operations as at September 30, 2018. This condition, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about Farstarcap Investment Corp. ability to continue as a going concern.

/s/ Deloitte LLP

Chartered Professional Accountants
January 29, 2019
Vancouver, Canada

FARSTARCAP INVESTMENT CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes	September 30, 2018 \$	September 30, 2017 \$
ASSETS			
Current assets			
Cash		140,091	99,993
GST receivable		2,840	17
Deferred financing costs	9	15,000	-
		157,931	100,010
Total assets		157,931	100,010
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	54,169	12,714
EQUITY			
Share capital	5	211,001	100,001
Deficit		(107,239)	(12,705)
Total equity		103,762	87,296
Total liabilities and equity		157,931	100,010

Organization and nature of operations and going concern (Note 1)
Subsequent events (Note 9)

Approved by the Board of Directors

"Robert McMorran" Director

"Neil MacRae" Director

The accompanying notes are an integral part of these financial statements

FARSTARCAP INVESTMENT CORP.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

	Notes	2018 \$	2017 \$
Expenses			
Professional fees	7	81,834	11,599
Listing and filing fees		10,810	-
Office expenses		1,890	18
Net and comprehensive loss for the year		(94,534)	(11,617)
Basic and diluted loss per share		(0.14)	(1.06)
Weighted average number of shares outstanding		693,370	10,960

The accompanying notes are an integral part of these financial statements

FARSTARCAP INVESTMENT CORP.
STATEMENTS OF CHANGES IN EQUITY
For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

	Number of shares	Share Capital \$	Deficit \$	Total \$
Balance, September 30, 2016	1	1	(1,088)	(1,087)
Shares issued during the year	2,000,000	100,000	-	100,000
Net and comprehensive loss for the year	-	-	(11,617)	(11,617)
Balance, September 30, 2017	2,000,001	100,001	(12,705)	87,296
Shares issued during the year	1,110,000	111,000	-	111,000
Net and comprehensive loss for the year	-	-	(94,534)	(94,534)
Balance, September 30, 2018	3,110,001	211,001	(107,239)	103,762

FARSTARCAP INVESTMENT CORP.
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

	2018 \$	2017 \$
Cash flow provided by (used in)		
Operating activities		
Loss for the year	(94,534)	(11,617)
Changes in non-cash working capital items		
GST receivable	(2,823)	(17)
Accounts payable and accrued liabilities	41,455	11,627
	(55,902)	(7)
Financing activities		
Proceeds from issuance of shares	111,000	100,000
Deferred financing costs	(15,000)	-
	96,000	100,000
Increase in cash during the year	40,098	99,993
Cash – beginning of the year	99,993	-
Cash – end of the year	140,091	99,993

FARSTARCAP INVESTMENT CORP.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

1. ORGANIZATION AND NATURE OF OPERATIONS AND GOING CONCERN

Farstarcap Investment Corp. (“Farstarcap” or the “Company”) was incorporated under the Business Corporations Act of British Columbia on September 22, 2016. The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO”) on the TSX Venture Exchange (the “Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX Venture Exchange. The Company’s principal business is to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction (“Qualifying Transaction”) in accordance with Policy 2.4 of the Exchange. The Company’s head office is located at 880 – 580 Hornby Street, Vancouver, BC V6C 3B6.

As a CPC the Company will also be subject to certain cash restrictions. Proceeds raised from the issuance of common shares from the IPO may only be used to identify and evaluate assets or businesses for future investment, with the exception that no more than the lesser of 30% of the gross proceeds from the issuances of shares, or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative general expenses of the Company. The restrictions apply until completion of a Qualifying Transaction by the Company in accordance with Policy 2.4 of the Exchange.

As at September 30, 2018 the Company had no business operations and its only significant asset were cash and deferred financing costs. The ability of the Company to fund potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Company will complete a Qualifying Transaction or be able to finance such an investment or acquisition. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

The financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were approved by the board of directors for use on January 28, 2019.

The significant accounting policies used in the preparation of these financial statements are as follows:

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which may be measured at fair value. The accruals basis of accounting has been applied in preparing the financial statements, except for cash flow information.

FARSTARCAP INVESTMENT CORP.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with any gains or losses arising on re-measurement recognized through profit or loss.

Financial assets classified as loans and receivables and held-to-maturity are initially recognized at fair value plus directly attributable transaction costs. After initial recognition these financial assets are subsequently measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for impairment losses which are recognized in profit or loss

Transaction costs associated with FVTPL financial assets are expensed as incurred while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Impairment of Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Declines in the fair values of available-for-sale equity instruments below the investments' costs that are considered significant or prolonged are deemed to be impairments in the carrying values of those instruments.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities

FARSTARCAP INVESTMENT CORP.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss.

De-recognition of financial assets and liabilities

Financial assets are de-recognized when the contractual rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets to another party. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities are de-recognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

Earnings per share

Basic earnings or loss per share represents the income or loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share represents the income or loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive potential ordinary shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive. The number of dilutive potential ordinary shares are determined using the Treasury Stock Method which assumes that any proceeds received from the instruments are used to repurchase outstanding shares at the average market price for the period.

Foreign currencies

The financial statements for the Company are prepared using its functional currency. Functional currency is the currency of the primary economic environment in which an entity operates. The functional and presentation currency of the Company is Canadian dollars.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

FARSTARCAP INVESTMENT CORP.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss. In addition, deferred tax liability is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity. Transaction 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 related to, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Share-based payments

The fair value of all share-based awards granted is recorded, at the measurement date fair value, as an asset or a charge to profit or loss and as a credit to contributed surplus.

The fair value of share-based awards granted to employees and others providing similar services which vest immediately is recorded at the date of grant. The fair value of share-based awards which vest in the future is recognized over the vesting period, as adjusted for the expected level of vesting of the options. The fair value of share-based awards is estimated using the Black-Scholes pricing model.

Share-based awards granted to parties other than employees and those providing similar services are measured at the fair value of the goods and services received on the date of receipt. If the fair value of the goods and services received cannot be reliably measured, their value is measured at the fair value of the equity instrument granted.

Any consideration received on the exercise of share-based awards together with the related portion of contributed surplus attributed to the exercised share-based awards is credited to share capital. When share-based awards expire unexercised the amounts recorded in contributed surplus with respect to those share-based awards are not reclassified within equity.

FARSTARCAP INVESTMENT CORP.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new standards have been issued but are not yet effective:

IFRS 9 Financial Instruments

The IASB has issued a new standard, IFRS 9, Financial Instruments (“IFRS 9”), which will ultimately replace IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires that a single impairment method be used, replacing the multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity’s credit risk are presented in other comprehensive income. The Company will be required to adopt IFRS 9 in the annual period beginning October 1, 2018. The Company does not expect the implementation to have a significant impact on the Company’s results of operations, financial position and disclosures.

IFRS 15 Revenues from Contracts with Customers and IFRS 16 Leases are applicable for the Company’s reporting periods beginning on or after October 1, 2018 and October 1, 2019, respectively. These standards are currently not expected to be applicable to the Company’s operations.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions based on current available information that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from those estimated. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material. In the process of applying the Company’s accounting policies, management has made the following estimates, assumptions and judgments which have a significant effect on the amounts recognized in the financial statements:

- (i) *Going concern* – The assessment of the Company’s ability to execute its strategy by funding future working capital requirements involves judgment. Factors considered by management are disclosed in Note 1.
- (ii) *Income taxes* - In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

FARSTARCAP INVESTMENT CORP.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

5. SHARE CAPITAL

- a) Authorized: Unlimited common shares without par value.
Unlimited preferred shares issuable in series.

On September 27, 2017, the Company issued 2,000,000 common shares at \$0.05 per share for proceeds of \$100,000.

On February 15, 2018, the Company issued a total of 1,110,000 common shares at a price of \$0.10 per share for gross proceeds of \$111,000.

On February 20, 2018 the Company entered into an Escrow Agreement (the “Escrow Agreement”) in accordance with the Exchange CPC Policy, with certain shareholders and 2,000,001 common shares were placed in escrow. Subject to the said Policy, the escrowed common shares will be released from escrow as follows: 10% on the completion of Qualifying Transaction, and 15% on each of the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. Shares held in escrow are considered contingently returnable until completion of a Qualifying Transaction and are therefore not included in the calculation of basic and diluted loss per share. Should the Qualifying Transaction not be completed, the escrowed shares must be cancelled.

- b) Stock Options

On December 1, 2017 the Company adopted a stock option plan (the “Stock Option Plan”), whereby the maximum number of non-transferable options to purchase common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Additionally, the maximum number of non-transferable options to purchase common shares reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued common shares, if the individual is a director or officer, or 2% of the issued common shares, if the individual is a technical consultant. All options granted under the Stock Option plan will expire not later than the date that is ten years from the date that such options are granted. Options may be exercised the greater of 12 months after Completion of the Qualifying Transaction and 90 days following cessation of the optionee’s position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument pursuant to the laws of succession.

The Company also approved the grant of 250,000 stock options to officers and directors of the Company that will be granted once the Company completes its IPO. The options will, have an exercise price of \$0.10 per option and expire five years from the closing date of the IPO. (Note 9).

FARSTARCAP INVESTMENT CORP.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

6. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of operations for the year ended September 30, 2018 and 2017:

	2018	2017
Statutory tax rate	26.75%	26%
	\$	\$
Loss for the period before income taxes	(94,534)	(11,617)
Expected income tax expense (recovery)	(25,288)	(3,020)
Change in deferred tax assets not recognized	25,288	3,020
Total income taxes expense (recovery)	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at September 30, 2018 and September 30, 2017 are comprised of the following:

	2018	2017
	\$	\$
Non-capital loss carry forwards	28,308	3,303
Total deferred income tax assets not recognized	28,308	3,303

The Company has non-capital loss carry forwards of approximately \$107,239 which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the year 2037.

7. RELATED PARTY TRANSACTIONS

As at September 30, 2018, the Company had \$nil (September 30, 2017 - \$365) in accounts payable and accrued liabilities owing to related parties. Compensation paid or accrued to key management or companies controlled by key management personnel during the period was \$4,670 (2017 - \$nil).

All transactions with related parties have occurred in the normal course of operations.

8. FINANCIAL INSTRUMENTS

Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of equity attributable to shareholders.

FARSTARCAP INVESTMENT CORP.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

The Company 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 Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investors and associated financings.

The Company is not subject to any externally imposed capital requirements.

Classification of Financial Instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs, other than Level 1 prices, in active markets for similar assets or liabilities, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The Company designated its cash as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities, and are classified as other financial liabilities, which are measured at amortized cost. The carrying value of the Company's financial instruments approximates their fair value due to the short-term nature of the instruments.

The risks associated with financial assets and liabilities are detailed/discussed below:

Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with the Bank of Montreal. Accordingly, the Company believes it is not exposed to significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company's management has determined that exposure to interest rate risk is limited at present as the Company's assets and liabilities are earning or incurring interest at market rates or where they are non-interest bearing or have fixed interest rates they have short terms to maturity.

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. As at September 30, 2018, all of the

FARSTARCAP INVESTMENT CORP.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

Company's liabilities are short-term and due on demand. At September 30, 2018, the Company had working capital of \$103,762 (September 30, 2017 - \$87,296).

9. SUBSEQUENT EVENTS

On November 13, 2018, the Company filed a prospectus (the "Prospectus") in respect of an initial public offering (the "Offering") of the Company's common shares. The Company has agreed to offer 2,500,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$250,000. In connection with the financing, the Company entered into an Agency Agreement with Canaccord Genuity Corp. (the "Agent"). The Company will pay the Agent a cash commission of 10% of the gross proceeds of the Offering and will pay an administrative fee of \$10,000 along with the Agent's reasonable expenses. In addition, the Company has agreed to grant non-transferable options to the Agent entitling the Agent to purchase up to the number of common shares equal to 10% of the number of common shares sold under the Offering at a price of \$0.10 per share for a period of 24 months from the date on which the common shares of the Company are listed on the Exchange. As at September 30, 2018 the Company had incurred \$15,000 in deferred financing costs related to the IPO.