

Bold Capital Enterprises Ltd.

Financial Statements December 31, 2018

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Independent Auditor's Report

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To the Shareholders of
Bold Capital Enterprises Ltd.

Opinion

We have audited the financial statements of Bold Capital Enterprises Ltd. (hereinafter the “Company”), which comprise the statement of financial position as at December 31, 2018, and the statements of comprehensive loss, changes in equity and cash flows for the initial 230-day period then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the initial 230-day period 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor’s report thereon

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor’s report thereon, included in Management’s Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the 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.

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 International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Raymond Chabot Grant Thornton LLP¹

Québec
April 29, 2019

¹ CPA auditor, CA public accountancy permit no. A119912

Bold Capital Enterprises Ltd.

Statement of Comprehensive Loss

For the initial 230-day period ended December 31, 2018

(In Canadian dollars)

	<u>\$</u>
Expenses	
Professional fees	60,951
Registration fees	15,071
	<u>76,022</u>
Net loss and comprehensive loss	<u>76,022</u>
Loss per share – basic and diluted	<u>(0.05)</u>
Weighted average number of common shares outstanding	<u>1,668,996</u>

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

Bold Capital Enterprises Ltd.

Statement of Changes in Equity

For the initial 230-day period ended December 31, 2018

(In Canadian dollars)

	Number of common shares <u>outstanding</u>	Share capital \$	Deficit \$	Total equity \$
Balance, beginning of period				
Private placement (Note 3)				
Proceeds from share issuance	3,800,000	190,000		190,000
Net loss and comprehensive loss			<u>(76,022)</u>	<u>(76,022)</u>
Balance, end of period	<u>3,800,000</u>	<u>190,000</u>	<u>(76,022)</u>	<u>113,978</u>

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

Bold Capital Enterprises Ltd.

Statement of Financial Position

As at December 31, 2018

(In Canadian dollars)

	<u>\$</u>
ASSETS	
Current	
Cash in trust	132,660
Prepaid expenses	30,725
Deposit	10,000
	<u>173,385</u>
 LIABILITIES	
Current	
Trade accounts payable	<u>59,407</u>
 EQUITY	
Share capital (Note 3)	190,000
Deficit	<u>(76,022)</u>
	<u>113,978</u>
	<u>173,385</u>

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

These financial statements were approved and authorized for issue by the Board of Directors on April 29, 2019.

(s) Peter Rona

Peter Rona
President

(s) Nabil Ishak

Nabil Ishak
Director

Bold Capital Enterprises Ltd.

Statement of Cash Flows

For the initial 230-day period ended December 31, 2018

(In Canadian dollars)

	<u>\$</u>
<i>OPERATING ACTIVITIES</i>	
Net loss	(76,022)
Net change in working capital items	
Prepaid expenses	(30,725)
Deposit	(10,000)
Trade accounts payable	59,407
	<u>(57,340)</u>
<i>FINANCING ACTIVITIES</i>	
Issuance of common shares and cash flows from financing activities	190,000
Net change in cash	<u>132,660</u>
Cash, beginning of period	
Cash, end of period	<u><u>132,660</u></u>

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

Bold Capital Enterprises Ltd.

Notes to Financial Statements

As at December 31, 2018

(In Canadian dollars)

1 - GENERAL INFORMATION AND NATURE OF OPERATIONS

Bold Capital Enterprises Ltd. (the “Company”) was incorporated under the *Canada Business Corporations Act* on May 16, 2018. The address of its head office is 70 Dalhousie Street, Suite 300, Québec, Quebec G1K 4B2.

The Company intends to carry on business as a Capital Pool, as such term is defined in TSX Venture Exchange Inc. (the “Exchange”) Policy 2.4, *Capital Pool Companies* (“Policy 2.4”). As at December 31, 2018, the Company has no business operations and did not enter into any agreements to acquire an interest in businesses or assets. Its principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange.

Where a qualifying transaction is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. Under Policy 2.4, the Company must identify and complete a qualifying transaction within 24 months from the date its shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a qualifying transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a qualifying transaction. The Exchange may suspend or delist the Company’s shares from trading should it not meet these requirements.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and evaluation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been prepared using accounting policies specified by those IFRS that are in effect as at December 31, 2018.

Functional and presentation currency

The financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and they are measured initially at fair value adjusted for transaction costs (when applicable).

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

Bold Capital Enterprises Ltd.

Notes to Financial Statements

As at December 31, 2018

(In Canadian dollars)

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of financial assets

The classification is determined by both:

- the entity's business model for managing the financial assets;
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets are measured at amortized cost if they meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. The Company's cash and deposit fall into this category of financial instruments.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and when applicable, adjusted for transaction costs.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial liabilities include trade accounts payable.

Basic and diluted loss per share

Basic loss per share is calculated by dividing the net loss by the weighted average number of outstanding common shares during the period. Diluted loss per share is calculated by adjusting net loss and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares which include share purchase stock options, if any.

Equity

Share capital represents the amount received on the issue of shares.

Bold Capital Enterprises Ltd.

Notes to Financial Statements

As at December 31, 2018

(In Canadian dollars)

3 - EQUITY

Authorized

An unlimited number of voting common shares without par value

Private placement

Issuance of shares

On September 17, 2018, the Company issued 3,400,000 common shares (the "Seed Shares") to its founders at a price of \$0.05 per Seed Share in consideration of \$170,000 pursuant to a non-brokered private placement.

On October 29, 2018, the Company issued 400,000 common shares (Seed Shares) to one of its directors at a price of \$0.05 per Seed Share in consideration of \$20,000 pursuant to a non-brokered private placement.

These Seed Shares are subject to an escrow agreement, 10% of the escrowed Seed Shares will be released from escrow on the acceptance by the Exchange of the Company's qualifying transaction (the "Initial Release"). An additional 15% will be released on each of the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. Any common shares acquired pursuant to the exercise of incentive stock options prior to completion of the qualifying transaction must be deposited in escrow and will be subject to escrow until the Initial Release is issued.

4 - FINANCIAL RISKS

Objectives and politics concerning financial risk management

The Company considers managing risk as being an integral part of its development and diversification strategies. It is exposed to various risks related to its financial instruments. The Company focusses on actively securing short to medium term cash flows by minimizing the exposures to financial markets. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial risks

The Company's most significant financial risk exposure is as follows.

Credit risk

Credit risk relates to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at December 31, 2018, the Company may be exposed to credit risk from its cash in trust and deposit. The credit risk is managed by dealing with reputable financial institutions with high quality external credit ratings.

Bold Capital Enterprises Ltd.

Notes to Financial Statements

As at December 31, 2018

(In Canadian dollars)

4 - FINANCIAL RISKS (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company is exposed to this risk primarily through its trade accounts payable, which have a contractual maturity of less than four months.

5 - INCOME TAXES

The Company has unused tax losses totalling \$20,661. No future income tax asset has been recognized by the Company in respect of these items.

6 - RELATED PARTY TRANSACTIONS

Related parties are those persons having authority and responsibility for planning, directing and controlling the Company's activities, including any of its directors. Key management personnel of the Company includes the Chief Executive Officer, the President, the Chief Financial Officer and any director.

In September and October 2018, the Company's key management personnel subscribed 2,600,000 common shares in exchange for an amount of \$130,000.

7 - STOCK OPTION PLAN

The Company has adopted an incentive stock option plan (the "Stock Option Plan") which provides that the Board of Directors may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and employees of the Company and its affiliates and to consultants and management company employees non-transferable options to purchase common shares for a period of up to ten years from the date of the grant, provided that the number of common shares reserved for issuance may not exceed 10% of the total issued and outstanding common shares after the completion of the contemplated initial public offering, being 630,000 common shares if the minimum offering is subscribed for or 880,000 common shares if the maximum offering is subscribed for.

Pursuant to the Stock Option Plan, the maximum number of common shares reserved for issuance in any 12 months period to any one optionee other than a consultant may not exceed 5% of the issued and outstanding common shares at the date of the grant. The maximum number of common shares reserved for issuance in any 12 months period to any consultant may not exceed 2% of the issued and outstanding common shares at the date of the grant.

Incentive stock options may be exercised within the later of i) 12 months after the completion of the qualifying transaction, and ii) 90 days after the optionee ceases to be a director, officer, technical consultant or employee of the Company, as this term is defined in Policy 2.4.

Bold Capital Enterprises Ltd.

Notes to Financial Statements

As at December 31, 2018

(In Canadian dollars)

8 - COMMITMENTS

A minimum of 2,500,000 common shares and a maximum of 5,000,000 common shares in the capital of the Company are being offered at a price of \$0.10 per common share for minimum gross proceeds of \$250,000 and maximum gross proceeds of \$500,000 pursuant to an agency agreement to be entered by the Company and Leede Jones Gable Inc. (the "Agent").

In addition, the Company will grant the Agent an option to purchase that number of common shares that is equal to 10% of the total number of common shares sold in connection with the offering (being 250,000 common shares in the event of a minimum offering and 500,000 common shares in the event of the maximum offering).

The Agent's option will be exercisable at a price of \$0.10 per common share and expire 24 months from the date the common shares are listed on the Exchange. The Company intends to enter into stock option agreements with its officers and directors to purchase a number of common shares equal to 10% of the total number of common shares issued and outstanding following the closing of the offering (being 630,000 common shares assuming the minimum offering is subscribed and 880,000 common shares assuming the maximum offering is subscribed) at \$0.10 per common share. The options will expire five years from the date of grant.

Upon completion of the qualifying transaction, no more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Company or \$210,000 can be used for the following expenditures:

- listing and filing fees (including SEDAR fees);
- other costs for the issuance of securities (including legal, accounting and audit expenses) relating to the preparation and the filing of the prospectus;
- administrative and general expenses of the Company, including office supplies, office rent and related utilities, printing costs (including the printing of the prospectus and share certificates), equipment lease (provided that no proceeds shall be used to acquire or lease a vehicle) and fees for legal advice and audit expenses, excluding expenses relating to the identification and evaluation of assets or businesses and to the obtention of the shareholders' approval for the proposed qualifying transaction which include:
 - valuations or appraisals;
 - business plans;
 - feasibility studies and technical assessments;
 - sponsorship reports;
 - engineering or geological reports;

Bold Capital Enterprises Ltd.

Notes to Financial Statements

As at December 31, 2018

(In Canadian dollars)

8 - COMMITMENTS (Continued)

- financial statements, including audited financial statements;
- fees for legal and accounting services;
- agent's fees, costs and commissions.

9 - SUBSEQUENT EVENTS

Subsequent to its year-end, the Company announced the closing of its initial public offering in which it issued 3,464,500 common shares at a price of \$0.10 per common share for a total amount of \$346,450 from more than 200 subscribers. Upon closing, the Company also granted non-transferable call options to the Agent entitling it to acquire a total of 346,450 common shares at a price of \$0.10 per common share within 24 months from the date of listing of the Company's common shares on the Exchange.

As part of the closing, the Company also granted 726,450 stock options to its directors and officers to subscribe for a total of 726,450 common shares at a price of \$0.10 per common share, for a period of five years after the date of grant.

Effective April 23, 2019, the shares are traded on the Exchange.