

FITCH STREET CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The accompanying notes are an integral part of these financial statements

FITCH STREET CAPITAL CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	September 30, 2019	March 31, 2019
		<u>(unaudited)</u>	<u>(audited)</u>
Current			
Cash		\$ 434,126	\$ 262,429
Other receivables	3	25,016	12,798
Advances to Pure Extraction Ltd.	4	<u>208,157</u>	<u>208,157</u>
		<u>\$ 667,299</u>	<u>\$ 483,384</u>
Current			
Accounts payable	5	\$ 1,849	\$ 14,165
Accrued liabilities		<u>85,400</u>	<u>66,500</u>
		<u>87,249</u>	<u>80,665</u>
Share capital	6	1,334,731	919,731
Contributed surplus	6	491,892	225,892
Deficit	6	<u>(1,246,573)</u>	<u>(742,904)</u>
		<u>580,050</u>	<u>402,719</u>
		<u>\$ 667,299</u>	<u>\$ 483,384</u>

Nature of Operations and Ability to Continue as a Going Concern – Note 1

APPROVED BY THE DIRECTORS:

<u>“Balraj Mann”</u>	Director	<u>“Alicia Milne”</u>	Director
Balraj Mann		Alicia Milne	

The accompanying notes are an integral part of these financial statements

FITCH STREET CAPITAL CORP.**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the Three and Six Months Ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

	Note	For the Three months ended September 30,		For the Six months ended September 30,	
		2019	2018	2019	2018
Operating Expenses					
Accounting, audit and legal		\$ 6,000	\$ 795	\$ 14,800	\$ 3,795
Listing and filing fees		7,605	2,279	8,945	2,279
Office and miscellaneous	4	6,037	4,573	10,868	9,091
Stock-based compensation		221,000	-	221,000	-
Transaction costs		97,480	-	245,980	-
Transfer agent fees		643	817	2,076	1,563
Write-off prior years accounts payable		-	-	-	(8,712)
Write-off of receivables	3	-	-	-	-
		338,765	8,464	503,669	8,016
Net income (loss) and comprehensive income (loss) for the period		(338,765)	(8,464)	(503,669)	(8,016)
Basic and diluted gain (loss) per share		\$ (0.02)	\$ (0.0-0)	\$ (0.04)	\$ (0.00)
Weighted average number of shares outstanding		15,119,056	12,623,082	13,877,888	12,623,082

The accompanying notes are an integral part of these financial statements

FITCH STREET CAPITAL CORP.
STATEMENTS OF CASH FLOWS
For the Six Months Ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	<u>For the Six Months Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Cash Flows provided by (used in) Operating Activities		
Net income (loss) for the period	\$ (503,669)	\$ (8,016)
Items not affecting cash		
Stock-based compensation	221,000	-
Write-off of prior year's accounts payable	-	(8,712)
Changes in non-cash working capital items related to operations:		
Other receivables	(12,218)	(89)
Accounts payable and accrued liabilities	6,584	(7,175)
Net cash used in operating activities	<u>(288,303)</u>	<u>(23,992)</u>
Investing Activities		
Shares issued for cash	500,000	-
Share issuance costs	(40,000)	-
	<u>460,000</u>	<u>-</u>
Increase (decrease) in cash during the period	(108,407)	(23,992)
Cash, beginning of the period	262,429	518,819
Cash, end of the period	\$ <u>154,022</u>	\$ <u>494,827</u>

The accompanying notes are an integral part of these financial statements

FITCH STREET CAPITAL CORP.

STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

For the Six Months Ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

	Number of <u>Shares</u>	Common <u>Shares</u>	Contributed <u>Surplus</u>	<u>Deficit</u>	Total Shareholders' <u>Equity</u>
Balance, March 31, 2018	12,623,082	\$ 919,731	\$ 225,892	\$ (655,643)	\$ 489,980
Net income for the period	-	-	-	(8,016)	(8,016)
Balance, September 30, 2018	12,623,082	\$ 919,731	\$ 225,892	\$ (663,659)	\$ 481,964
Balance, March 31, 2019	12,623,082	\$ 919,731	\$ 225,892	\$ (742,904)	\$ 402,719
Shares issued for cash	3,703,703	500,000	-	-	500,000
Share issuance costs, cash	-	(40,000)	-	-	(40,000)
Share issuance costs, brokers' options	-	(45,000)	45,000	-	-
Stock-based compensation	-	-	221,000	-	221,000
Net loss for the period	-	-	-	(503,669)	(503,669)
Balance, September 30, 2019	16,326,785	\$ 1,334,731	\$ 225,892	\$ (1,246,573)	\$ 580,050

The accompanying notes are an integral part of these financial statements

Note 1 Nature of Operations

The Company was incorporated under the Business Corporations Act of British Columbia on June 20, 2007. The Company is in the development stage and was classified and listed as a Capital Pool Company as defined by Policy 2.4 (the "CPC Policy") of the TSX Venture Exchange (the "Exchange") on June 13, 2008.

The Company was required to complete a Qualifying Transaction (as defined under the policies of the Exchange) by September 14, 2010. The Company did not complete a Qualifying Transaction within the prescribed time frame and trading in its shares was suspended by the TSX-V. During the year ended March 31, 2011, the Company was transferred to the NEX.

The address of the Company's corporate office and principal place of business is Suite 440 – 755 Burrard Street, Vancouver, British Columbia V6Z 1X6.

These financial statements were authorized for issue on August 29, 2019 by the directors of the Company.

Going Concern

While the Company's financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events cast significant doubt on the validity of this assumption. For the six months ended September 30, 2019, the Company reported a net loss of \$503,669 (2018 - \$,8016) and as at that date had an accumulated deficit of \$1,246,573 (March 31, 2019 - \$742,904). As of September 30, 2019, the Company has a net working capital of \$580,050 (March 31, 2019 - \$402,719). The Company expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material. The directors of the Company have approved these financial statements.

Note 2 Significant Accounting Policies

(a) Statement of Compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these financial statements are based on IFRS issued and outstanding as November 29, 2019, the date the Board of Directors approved the financial statements for issue.

(b) Basis of Measurement

These financial statements have been prepared on a historical cost basis using the accrual basis accounting, except for cash flow information.

Note 2 Significant Accounting Policies – (cont'd)

(c) Critical Accounting Estimates, Judgments and Uncertainties

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Critical Accounting Estimates and Assumptions

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

(d) Functional and Presentation Currency

The Company's functional currency is the Canadian Dollar ("CAD"). The financial statements are presented in CAD which is the Company's presentation currency, unless otherwise noted.

All amounts in these financial statements are rounded to the nearest dollar.

(e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and short-term, highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and subject to insignificant risk of change in value.

(f) Income Taxes

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

Deferred tax is recognized in respect of 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 for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and

Note 2 Significant Accounting Policies – (cont'd)

(f) Income Taxes – cont'd

it is probable that they will not reverse in the foreseeable future. In addition, deferred tax 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 be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, 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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

(g) Financial Instruments

The Company has adopted IFRS 9, Financial Instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets Classification

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

- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“OCI”), or through profit or loss), and
- Those to be measured at amortized cost.

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

The Company has classified its cash at fair value through profit or loss. The company’s GST receivable, advances and subscriptions receivable are held at amortized cost.

Measurement

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

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

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period which it arises.

Note 2 Significant Accounting Policies – (cont'd)

(g) Financial Instruments-cont'd

- Fair value through OCI (“FVOCI”): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

Impairment of Financial Assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

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

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, loans payable and due to related parties are classified as financial liabilities held at amortized cost.

(h) New Accounting Standards Adopted

IFRS 16, Leases

In January 2016, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and

Note 2 Significant Accounting Policies – (cont'd)

(h) New Accounting Standards Adopted – cont'd

measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

(i) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the measurement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

(j) Share-based Payments

The cost of incentive share options and other equity-settled share-based compensation and payment arrangements is recorded based on the estimated fair-value at the grant date and charged to earnings over the vesting period. Where incentive share options are subject to vesting, each vesting tranche is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by a charge to earnings, with a corresponding increase to contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

(k) Earnings/Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss attributable to common shareholders of the Company by weighted average number of common shares outstanding for the relevant period. Diluted earnings/loss per share is computed by adjusting the net income or loss attributable to common shareholders dividing by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments such as warrants and options were exercised.

Note 3 Other Receivables

	September 30,	March 31,
	2019	2019
HST/GST receivable	\$ 18,016	\$ 5,798
Other receivables	7,000	7,000
	\$ 25,016	\$ 12,798

The Company qualifies for the Harmonized Sales Tax (HST) input tax credits in the amount of \$18,016 (March 31, 2019 - \$5,798), which may change pursuant to an audit by the taxation authorities.

Note 4 Advances to Pure Extraction Ltd.

On October 2, 2018, the Company entered into a Letter of Intent (the “LOI”) with Pure Extraction Inc. and Pure Extraction Ltd. (together known as the “Targetcos” or “Pure Extraction”), the shareholders of Pure Extraction Ltd., and the shareholders of Pure Extraction Inc. to acquire all of the shares of the Targetcos. Pursuant to the LOI, the Company advanced Pure Extraction Ltd. \$25,000 on October 26, 2018.

On December 17, 2018, the Company entered into a definitive Share Exchange Agreement (the “Agreement”) with the Targetcos, the shareholders of Pure Extraction Ltd., and the shareholders of Pure Extraction Inc. with respect to the proposed acquisition of the Targetcos by the Company (the “Transaction”).

Summary of the Transaction

Under the terms of the Transaction, Fitch will acquire all of the issued and outstanding shares of the Targetcos (the “Pure Shares”) from the shareholders of Targetcos. In consideration for the Pure Shares, Fitch will issue to the shareholders of the Targetcos pro rata an aggregate of 3,000,000 common shares of the Company (the “Fitch Shares”) at a deemed value of \$0.165 per share. In addition, Fitch will issue to the shareholders of the Targetcos pro rata an aggregate of 1,000,000 Fitch Shares if the Targetcos generate cumulative gross revenues greater than \$2,000,000 within 18 months from execution of the Agreement at a deemed value of \$0.165 per share.

The Transaction is subject to a number of conditions precedent, including the approval of the TSX Venture Exchange (the “Exchange”).

Upon closing, the name of Company will be changed to “Pure Extraction Corp.” or such other name which is acceptable to the directors of Fitch and the Targetcos, the Exchange and the registrar of companies for British Columbia.

All Fitch Shares issued pursuant to the Transaction will be subject to restrictions on resale as set out in the Agreement and may be subject to Exchange-imposed restrictions on resale. Some of the Fitch Shares to be issued to the shareholders of the Targetcos pursuant to the Transaction may also be subject to time escrow provisions imposed pursuant to the policies of the Exchange.

The Transaction is expected to qualify as the Company’s Qualifying Transaction (the “Qualifying Transaction”). Since Fitch and the Targetcos are arm’s length to each other, Fitch is not required to obtain shareholder approval for the Transaction.

Concurrent Financing

Concurrent with the closing of the Transaction, Fitch intends to complete a financing to raise up to \$2,000,000 (the “Concurrent Financing”) through the issuance of up to 14,814,814 shares at \$0.135 per share.

The net proceeds of the Concurrent Financing will be used to fund the acquisition of the Targetcos’, costs associated with the Qualifying Transaction and to provide general working capital.

Finders’ Fee and Consulting Fee

Subject to Exchange approval, Fitch anticipates issuing an aggregate of 400,000 Fitch Shares to certain arm’s length third parties as finders’ fees and consulting fees payable in connection with the Transaction in accordance with Exchange policies.

In addition, the Company will pay finder’s fees of 8% cash and 8% finders’ warrants in connection with the Concurrent Financing in accordance with applicable securities laws and the policies of the Exchange. Each finders’ warrant payable will allow the holder to purchase a Fitch Share at a price of \$0.135.

Note 4 Advance to Pure Extraction Ltd. – cont'd

Secured Loan

Subject to prior acceptance of the Exchange and the satisfaction of all conditions of the Exchange in respect of the same, Fitch has agreed to provide a secured loan to the Targetcos in the principal amount up to \$225,000 (the "Loan"). The proceeds of the Loan shall be used by the Targetcos to fund its operating expenses. The Loan shall accrue interest at a rate of 10% per annum, compounded annually and will become due at the earliest of the receipt of final approval of the Exchange of the Qualifying Transaction or September 30, 2019 unless sooner determined due to the occurrence of an event or default, or extended by the Lender as set out in the loan agreement dated November 21, 2018 between the Targetcos and Fitch. The Loan will be secured by a general security agreement and any other security that Fitch may reasonably require from the Targetcos from time to time.

Note 5 Related Party Transactions

During the six-month period ended September 30, 2019 the Company incurred \$9,000 (2018 - \$9,000) in rent expense to a company owned by a director and senior officer. As at September 30, 2019, \$4,500 (March 31, 2019 - \$9,375) were indebted to the aforementioned company. These transactions have been recorded at the fair value which is the amount of consideration established and agreed to by the related parties.

A director of the Company advanced the Company \$nil at September 30, 2019 (March 31, 2019 – \$nil) for general corporate purposes.

Advances and payables are non-interest bearing and payable upon demand.

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation disclosed above comprised the following:

	September 30, 2019	September 30, 2018
CEO & CFO	-	-
	\$ -	\$ -

Note 6 Share Capital

a) Authorized

Unlimited number of common voting shares without par value.

b) Issued and outstanding

A summary of changes in share capital is contained on the statement of changes in shareholders' equity for the six months ended September 30, 2019 and 2018.

c) Share Purchase Warrants

There were no share purchase warrants transactions during the six months ended September 30, 2019 and 2018. As at September 30, 2019 and 2018, the Company had no warrants outstanding and exercisable.

Note 6 Share Capital – (cont'd)

d) Stock Options

During the six-month period ended September 30, 2019, the Company granted 1,260,000 incentive stock options with a exercise price of \$0.135. The fair market value of these options was calculated at \$221,000 and was determined on the date of issuance using the Black-Scholes Option Pricing Model with the following assumptions: 1.54% risk-free interest rate, expected life of 5 years, 192% annualized volatility and 0% dividend rate.

At September 30, 2019, the following stock options were outstanding and exercisable:

Expiry Date	Weighted Average Exercise price	Number of options outstanding	Weighted Average Remaining Years
July 19, 2024	\$ 0.135	1,260,000	4.81

e) Escrow Shares:

As at September 30, 2019, 1,358,332 common shares were subject to an escrow agreement to be released in accordance with the CPC policy guidelines. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the Qualifying Transaction) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

f) Private placement

During the year ended March 31, 2018, the Company completed a private placement for gross proceeds of \$791,000 through the issuance 11,300,000 shares at a price of \$0.07 per share. In connection with the private placement, the Company paid finders' fees of \$54,600 and issued 780,000 brokers' options.

g) Brokers' options

During the six months ended September 30, 2019, the Company issued 296,296 brokers' options as finders' fees. The brokers' options allowed the holder to acquire for \$0.135 per option, one common share for a period of 24 months.

During the year ended March 31, 2018, the Company issued 780,000 brokers' options as finders' fees. The brokers' options allowed the holder to acquire for \$0.07 per option, one common share for a period of 24 months.

Brokers' options activity for the six months are as follows:

Number outstanding at March 31, 2019	Granted	Exercised	Number outstanding at September 30, 2019	Weighted Average Exercise price
780,000	296,296	-	1,076,296	\$0.09

Note 6 Share Capital – (cont'd)

g) Brokers' options – cont'd

As at September 30, 2019, the following brokers' options were outstanding:

Expiry Date	Weighted Average Exercise Price	Number of brokers' options	Weighted Average Remaining Years
February 6, 2020	\$0.070	780,000	0.35
July 30, 2021	\$0.135	296,296	1.80
	\$0.088	1,076,296	0.75

Note 7 Financial Instruments and risk

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to identify, evaluate and negotiate the acquisition of an interest in properties, assets or a business which is considered a Qualifying Transaction. The capital structure of the Company consists primarily of cash and share capital.

b) 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 Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at September 30, 2019, the Company is not exposed to any significant credit risk.

c) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. The Company may seek additional financing through equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all.

d) Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. It is the responsibility of the Company to identify, evaluate and negotiate the acquisition of an interest in properties, assets or a business which is considered a Qualifying Transaction.

i) Interest Rate Risk

The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At September 30, 2019, the Company was not subject to significant interest rate risk.

Note 7 Financial Instruments and risk – cont'd

d) Market Risk – cont'd

ii) Foreign Currency Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. As the Company is in the stage of identifying, evaluating and negotiating the acquisition of an interest in properties, assets or a business which is considered a Qualifying Transaction, the Company is not exposed to foreign currency risk at this time.

iii) Price Risk

The Company is not exposed to price risk with respect to commodity pricing.

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data

The following table presents the financial instruments recorded at fair value in the statement of financial position, classified using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial Assets				
Cash	\$ 434.126	\$ -	\$ -	\$ 434.126
	\$ 434.126	\$ -	\$ -	\$ 434.126

Note 8 Capital Risk Management

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern; to maintain optimal capital structure, while ensuring the Company's strategic objectives are met and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, stock options and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, selling and/or acquiring assets, and controlling its capital expenditures program.

The Company's primary activities are to identify, evaluate and negotiate the acquisition of an interest in properties, assets or a business which is considered a Qualifying Transaction. As such, the Company is dependent on existing working capital to fund its activities and raise additional amounts as needed and if available.

Management reviews its capital management approach on an ongoing basis. The Company is not subject to any externally imposed capital requirements.

Note 9 Subsequent Events

On November 29, 2019, the Company and the shareholders of the Targetcos have extended the termination date of the Agreement to January 31, 2020. The Company has advanced \$218,157 to Pure Extraction under a secured loan (the “Loan”). The Loan was also amended to have a due date at the earliest of the receipt of final approval of the TSX Venture Exchange of the Qualifying Transaction or January 31, 2021.