

**Rider 2 Investment Capital Corp.**  
(A Capital Pool Company)

**Consolidated Financial Statements**

For the period from February 1, 2021 (Date of Incorporation)  
to September 30, 2021  
(In Canadian Dollars)

To the Shareholders of Rider 2 Investment Capital Corp.:

## Opinion

We have audited the consolidated financial statements of Rider 2 Investment Capital Corp. (the "Company"), which comprise the consolidated statement of financial position as at September 30, 2021, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from February 1, 2021 (date of incorporation) to September 30, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2021, and its consolidated financial performance and its consolidated cash flows for the period from February 1, 2021 to September 30, 2021 in accordance with International Financial Reporting Standards.

## 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 Consolidated 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 consolidated 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.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

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 Stephen Bonnell.

Calgary, Alberta

November 9, 2021

*MNP LLP*

Chartered Professional Accountants

**Rider 2 Investment Capital Corp.**  
**Consolidated Statement of Financial Position**  
**As at September 30, 2021**  
(Amounts in Canadian dollars)

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	<b>September 30, 2021</b>
<hr/>	
<b>Assets</b>	
Cash (note 4)	\$ 319,933
<b>Total Assets</b>	<b>\$ 319,933</b>
<hr/>	
<b>Liabilities</b>	
Accrued liabilities	\$ 73,921
<hr/>	
<b>Shareholders' Equity</b>	
Share capital (note 5)	377,416
Contributed surplus	60,210
Deficit	(191,614)
	<hr/> 246,012
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 319,933</b>

*See the accompanying notes to the consolidated financial statements.*

Subsequent event (note 9)

**Approved by the Board:**

Signed "Trevor Wong-Chor"  
Director

Signed "Michael Bowie"  
Director

## Rider 2 Investment Capital Corp.

### Consolidated Statement of Net Loss and Comprehensive Loss

From February 1, 2021 (date of incorporation) to September 30, 2021

(Amounts in Canadian dollars)

	3 months ended September 30, 2021	Incorporation to September 30, 2021
<b>Expenses</b>		
Bank fees	\$ 73	\$ 318
Dues and filing fees	-	27,433
General office costs	841	2,639
Professional fees	33,047	116,664
Stock based compensation (note 5)	-	44,560
	33,961	191,614
<b>Net loss and comprehensive loss</b>	<b>\$ (33,961)</b>	<b>\$ (191,614)</b>
<b>Net loss per share (note 5):</b>		
Basic and diluted	\$ (0.01)	\$ (0.09)
Weighted average shares outstanding	<b>3,000,000</b>	2,095,041

See the accompanying notes to the consolidated financial statements.

**Rider 2 Investment Capital Corp.**  
**Consolidated Statement of Changes in Shareholders' Equity**  
(Amounts in Canadian dollars)

		<b>Incorporation to September 30, 2021</b>
<b>Share Capital</b>		
Balance, February 1, 2021	\$	-
Issued for cash (note 5)		450,000
Share issue costs (note 5)		(56,934)
Value of agent options issued (note 5)		(15,650)
<b>Balance, September 30, 2021</b>	<b>\$</b>	<b>377,416</b>
<b>Contributed Surplus</b>		
Balance, February 1, 2021	\$	-
Value of agent options issued (note 5)		15,650
Stock based compensation (note 5)		44,560
<b>Balance, September 30, 2021</b>	<b>\$</b>	<b>60,210</b>
<b>Deficit</b>		
Balance, February 1, 2021	\$	-
Net loss for the period		(191,614)
<b>Balance, September 30, 2021</b>	<b>\$</b>	<b>(191,614)</b>
<b>Total Shareholders' Equity</b>	<b>\$</b>	<b>246,012</b>

*See the accompanying notes to the consolidated financial statements.*

**Rider 2 Investment Capital Corp.**  
**Consolidated Statement of Cash Flows**  
**From February 1, 2021 (date of incorporation) to September 30, 2021**  
(Amounts in Canadian dollars)

	<b>Incorporation to September 30, 2021</b>
<b>Cash provided by (used in):</b>	
<b>Operations:</b>	
Net loss	\$ (191,614)
Add back non-cash items:	
Stock based compensation (note 5)	44,560
Change in non-cash operating working capital	
Accrued liabilities	73,921
<b>Net cash used in operating activities</b>	<b>(73,133)</b>
<b>Financing:</b>	
Proceeds from issuance of common shares (note 5)	450,000
Share issue costs	(56,934)
<b>Net cash provided by financing activities</b>	<b>393,066</b>
<b>Increase in cash</b>	<b>319,933</b>
Cash, beginning of period	-
<b>Cash, end of period</b>	<b>\$ 319,933</b>

*See the accompanying notes to the consolidated financial statements.*

# **Rider 2 Investment Capital Corp.**

## **Notes to the Consolidated Financial Statements**

**From February 1, 2021 (date of incorporation) to September 30, 2021**

(amounts in Canadian dollars)

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### **1. NATURE OF OPERATIONS**

Rider 2 Investment Capital Corp. (the "Company") was incorporated under the Alberta Business Corporations Act on February 1, 2021 and is in the process for applying for status as a Capital Pool Company, as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced operations and has no assets other than cash. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

On April 14, 2021, the Company closed its initial public offering and started trading under the symbol RIDR.P on April 19, 2021.

The Company's head office is located at Suite 650, 816 – 7<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 1A1 and the registered head office is located at Suite 1000, 250 – 2nd Street Avenue SW, Calgary, Alberta, T2P 0C1.

On November 9, 2021, the Board of Directors approved these consolidated financial statements.

### **2. BASIS OF PREPARATION**

#### **Statement of Compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") in effect at September 30, 2021.

#### **Basis of Measurement**

These consolidated financial statements are stated in Canadian dollars which is the Company's functional currency and were prepared on a going concern basis.

Items included in the consolidated financial statements of the Company and its subsidiary are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of consolidation**

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, 2839749 Ontario Corp., incorporated in the province of Ontario.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealized gains or losses with the subsidiaries are eliminated. The financial statements of the subsidiaries are prepared using consistent accounting policies with that of the Company.

#### **Cash**

Cash consists of proceeds generated from the issuance of common shares.

# Rider 2 Investment Capital Corp.

## Notes to the Consolidated Financial Statements

From February 1, 2021 (date of incorporation) to September 30, 2021

(amounts in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

#### Deferred Financing Costs

Financing costs related to purposed financings are recorded as deferred financing costs. These costs are deferred until the financing is completed at which time the costs are charged against the proceeds received. If the financing does not close, the costs are charged to operations.

#### Financial Instruments

The Company's cash is classified as financial assets measured at fair value through profit and loss and its accrued liabilities are classified as financial liabilities measured at amortized cost.

#### Financial assets

Non-derivative financial assets are classified as "financial assets at fair value (either through other comprehensive income ("FVOCI"), or through profit or loss ("FVPL"), and "financial assets at amortized costs" as appropriate.

The Company determines the classification of its financial assets at initial recognition based on the Company's business model and contractual terms of cash flows.

All financial assets are recognized initially at fair value, and in the case of instruments not at FVPL, less directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Where the fair values of financial assets recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

#### Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of net loss and comprehensive loss.

#### Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not have any financial assets classified as at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

#### Financial assets at amortized cost

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

#### Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the asset.

#### Impairment of financial assets

# Rider 2 Investment Capital Corp.

## Notes to the Consolidated Financial Statements

From February 1, 2021 (date of incorporation) to September 30, 2021

(amounts in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

The expected lifetime loss of a financial asset at amortized cost, is estimated based on the expected credit loss ("ECL"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

#### Financial liabilities

Non-derivative financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accrued liabilities which are each measured at amortized cost.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

#### Financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost, in the statement of net loss and comprehensive loss.

#### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gains or losses reported in other income or expense in the statement of net loss and comprehensive loss.

#### Taxes

Current tax assets and liabilities for the current periods 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 end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current tax relating to items recognized directly in equity is recognized in equity and not in the statement of net loss and comprehensive loss.

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

The exception is where the deferred tax is relating to the deductible temporary difference arises from the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither the accounting profit nor taxable profit or loss and in respect of deductible temporary differences.

#### Per Common Share

Basic per share amounts are calculated by dividing the net earnings or loss by the weighted average number of shares outstanding during the year. Diluted per share amounts are calculated by using the treasury stock method, by adjusting the weighted average number of shares outstanding for the potential number of issued instruments which may have a dilutive effect on net earnings or loss. Diluted loss per share does not include the effect of potentially issuable common shares if their effect is anti-dilutive.

# Rider 2 Investment Capital Corp.

## Notes to the Consolidated Financial Statements

From February 1, 2021 (date of incorporation) to September 30, 2021

(amounts in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the period.

#### Measurement Uncertainty

The preparation of financial statements, in conformity with IFRS accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates used in the consolidated financial statements.

#### *Fair value of financial instruments*

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

#### *Stock based compensation*

The Company uses the Black-Scholes option pricing model to determine the fair value of share-based compensation. Inputs to the model are subject to various estimates regarding volatility, interest rates, dividend yields, forfeiture rates and expected life of the units issued. These inputs are subject to market factors as well as internal estimates.

#### *Deferred taxes*

Tax interpretations, regulations and legislation are subject to change and as such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings.

### 4. CASH

The gross proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed "Qualifying Transaction" as such term is defined in Exchange CPC Policy 2.4 ("Transaction Expenses"), with the exception that general and administrative expenses are capped at \$3,000 per month, including for professional, advisory, and legal services expenses, and are not time-limited.

### 5. SHARE CAPITAL

- a) Authorized  
Unlimited number of common shares and preferred shares.
- b) Issued

	Number	Stated Value
Issuance of common shares at \$0.05 each	3,000,000	\$150,000
Issuance of common shares at \$0.10 each	3,000,000	300,000
Share issue costs	-	(56,934)
Value of agent options issued	-	(15,650)
<b>Balance, September 30, 2021</b>	<b>6,000,000</b>	<b>\$377,416</b>

#### Escrowed Shares

During the period, the Company issued 3,000,000 common shares at \$0.05 per common share, which are subject to an escrow agreement. The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange and terms of escrow agreement and will be released from escrow in stages over a period of up to 18 months after the date of the Company receiving the final Exchange acceptance of the QT.

# Rider 2 Investment Capital Corp.

## Notes to the Consolidated Financial Statements

From February 1, 2021 (date of incorporation) to September 30, 2021

(amounts in Canadian dollars)

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### 5. SHARE CAPITAL *(continued from previous page)*

Under the CPC Seed Escrow Agreement, 25% of the CPC Escrowed Shares will be released from escrow on the issuance of the Final Exchange Bulletin and an additional 25% will be released on the dates 6 months, 12 months and, 18 months, following the Initial Release.

These common shares which are considered contingently issuable until the Company completes a QT are not considered to be outstanding for purposes of the loss per share calculation.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a QT must also be deposited in escrow pursuant to the terms of the escrow agreement.

#### **Brokered Private Placement**

On April 14, 2021, the Company closed its initial public offering of 3,000,000 common shares at \$0.10 per share for aggregate gross proceeds of \$300,000 through iA Private Wealth Inc., which acted as agent for the Company (the "Offering"). The Company paid \$30,000 in commission and \$26,934 in legal and other fees for net proceeds of \$243,066. In addition, the Company granted an aggregate of 300,000 options to iA Private Wealth Inc., which options are exercisable until 24 months after the date of listing of the common shares of the Company on the exchange at an exercise price of \$0.10.

Each agent's option is exercisable to acquire one common share at a price of \$0.10 for a period of 24 months following the date that the common shares are listed on the Exchange. The Agent's Options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate of 0.24%, expected volatility of 100%, and an expected life of two years. The weighted average life remaining outstanding is 1.71 years. The value attributed to the 300,000 agent's options was \$15,650.

#### **Stock options**

The Company has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approvals are obtained. Under the Plan, options may have up to a ten-year term and are non-transferable, however it is anticipated that options granted will likely have a five-year term.

Unless otherwise determined by the Board of Directors, options vest immediately upon granting and may be exercised until the greater of twelve months after the completion of the QT and ninety days following the date of termination of employment or holding office as a director or officer of the Company and, in the case of death, expire within one year thereafter. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the Exchange at the time of the grant. The Plan is subject to regulatory approval.

On April 14, 2021, the Company granted 600,000 stock options to the directors and officers of the Company. Each option, vest immediately and is exercisable to acquire one common share at a price of \$0.10 for a period of 5 years following the date of issuance. The options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate of 0.95%, expected volatility of 100% based on comparable peer companies, and an expected life of five years. The weighted average life remaining outstanding is 4.71 years. The value attributed to the 600,000 stock options was \$44,560.

# Rider 2 Investment Capital Corp.

## Notes to the Consolidated Financial Statements

From February 1, 2021 (date of incorporation) to September 30, 2021

(amounts in Canadian dollars)

### 6. INCOME TAX

The tax provision differs from the amount which would result from applying the expected tax rate to net loss before taxes. The differences between the “expected” tax expense and the actual tax provision are summarized as follows:

	<b>September 30, 2021</b>
Net loss	\$(191,614)
Expected income tax recovery at 23%	(44,071)
Stock based payments	10,249
Share issuance cost	(13,095)
Deferred tax asset not recognized	\$46,917
Total income taxes	\$ -

At September 30, 2021, the Company’s unrecognized deductible temporary differences are as follows:

	<b>September 30, 2021</b>
Share issue costs	\$49,384
Amount related to non-capital loss carry forwards	154,604
Unrecognized deductible temporary differences	\$203,988

The Company has \$154,604 in non-capital losses available to apply against future taxable income. These losses can be carried forward to 2041.

### 7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### Capital Management

The Company’s objective when managing capital is to maintain its ability to continue as a going concern, in order to provide returns for the shareholders and benefits for other stakeholders. The Company includes shareholders’ equity, comprised of issued common shares, in the definition of capital.

The Company’s primary objective, with respect to its capital management, is to ensure that it has sufficient cash resources to fund the identification and evaluation of a QT. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is subject to restrictions until completion of the QT by the Company as defined under the Exchange policy 2.4.

#### Risk Disclosures and Fair Values

The Company’s financial instruments, consisting of cash and accrued liabilities, approximates their fair value due to the relatively short-term maturity of these instruments.

It is management’s opinion that the Company is not exposed to significant credit, interest or currency risks arising from these financial instruments, except as otherwise disclosed.

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm’s length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted process (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted process that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

# Rider 2 Investment Capital Corp.

## Notes to the Consolidated Financial Statements

From February 1, 2021 (date of incorporation) to September 30, 2021

(amounts in Canadian dollars)

### 7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued from previous page)*

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 market data.

#### Credit risk

The Company's financial asset is cash. The Company's maximum exposure to credit risk, as at period end, is the carrying value of its financial asset. The Company manages credit risk by maintaining its cash held in Canadian bank accounts. The Company believes it has no significant credit risk as its cash balance is held with a major Canadian financial institution.

#### Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's ability to meet its liabilities when due is dependent on support of shareholders through public or private equity offerings.

The following are the contractual maturities of financial liabilities as at September 30, 2021:

Financial Liabilities	< One Year	> One Year
Accrued liabilities	\$73,921	\$ -
<b>Total</b>	<b>\$73,921</b>	<b>\$ -</b>

### 8. RELATED PARTY TRANSACTIONS

There were no transactions with related parties and no remuneration was paid to key management personnel during the period ended September 30, 2021, other than the stock-based compensation of \$44,560 as disclosed in note 5.

During the period ended from incorporation to September 30, 2021, the Company incurred legal costs of \$82,169 (3 months ended September 30, 2021 - \$21,854) with a law firm in which a director is a Partner. The legal costs incurred were in the normal course of operations and were based on the fair value of the service provided. Of the legal services provided, \$56,551 were included in accrued liabilities at period end.

### 9. SUBSEQUENT EVENT

On October 13, 2021, the Company announced that its previously announced letter of intent with D Block dated May 10, 2021 has been superseded by a definitive agreement (the "Definitive Agreement") dated October 12, 2021 between Rider 2, 2839749 Ontario Ltd., a wholly-owned subsidiary of Rider 2, and D Block. Pursuant to the Definitive Agreement, Rider 2 and D Block intend to complete a business combination intended to constitute Rider 2's Qualifying Transaction. The Proposed Transaction will result in Rider 2 acquiring all of the issued and outstanding equity shares of D Block (the "D Block Shares") in exchange for common shares of Rider 2 (each, an "Rider 2 Share").

It is anticipated that a total of 44,219,999 Rider 2 Shares will be issued in exchange for all the D Block Shares (with a deemed price of \$0.20 per Rider 2 Share) plus additional Rider 2 Shares issuable in exchange for D Block Shares issued in connection with the Offering (described below). Upon completion of the Proposed Transaction, the former D Block Shareholders will hold approximately 88% of the Resulting Issuer Shares basis (without giving effect to the Offering (as defined herein)) and the Rider 2 Shareholders will hold approximately 12% of the Resulting Issuer Shares basis (without giving effect to the Offering). Upon Closing, the name of the Resulting Issuer will be changed to "Metal Energy Corp." or such other name as may be acceptable to Rider 2, D Block and the Exchange.

In connection the Proposed Transaction, D Block (and Rider 2) is undergoing a non-brokered private placement financing (the "Offering") for gross proceeds of a minimum of \$3,000,000 and a maximum of \$7,500,000.

## Rider 2 Investment Capital Corp.

### Notes to the Consolidated Financial Statements

From February 1, 2021 (date of incorporation) to September 30, 2021

(amounts in Canadian dollars)

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#### 9. SUBSEQUENT EVENT (continued from previous page)

The Offering includes:

- (1) a flow-through component (the "Flow-Through Component"), which is comprised of up to 29,166,667 flow-through units (the "Flow-Through Units") at a price of \$0.24 per Flow-Through Unit. Each Flow Through Unit is comprised of one flow-through common share (each, a "Flow Through Share") and  $\frac{1}{2}$  of a non-flow through share purchase warrant. Each whole warrant is exercisable for one non-flow through common share (each, a "Share") at an exercise price of \$0.30 for a term of 24 months after the closing; and
- (2) a non-flow through component (the "Non-Flow Through Component"), which is comprised of up to 35,000,000 non-flow through units (the "Non-Flow Through Units") at a price of \$0.20 per Non-Flow Through Unit. Each Non-Flow Through Unit is comprised one Share and  $\frac{1}{2}$  of a non-flow through warrant. Each whole warrant will be exercisable for one Share at an exercise price of \$0.30 for a term of 24 months after the closing.

All, or a portion, of the Flow-Through Component may be conducted by Rider 2 at Closing of the Transaction.

The Proposed Transaction is subject to, among other things, receipt of the requisite shareholder approval of D Block, final approval of the TSX Venture Exchange (the "Exchange") and standard closing conditions, including the conditions described below. Subject to satisfactory completion of due diligence, the parties expect to close the Proposed Transaction on or before November 30, 2021 (or such other date as may be mutually agreed in writing between Rider 2 and D Block) ("Closing").

On November 3, 2021, 117,600 agent options were exercised at \$0.10 per option for gross proceeds of \$11,760.