

**FAX CAPITAL CORP.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**MARCH 31, 2020**

(Presented in Canadian Dollars)

(Unaudited)

**FAX CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
(Unaudited)

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**FAX CAPITAL CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2020 AND DECEMBER 31, 2019**

**(Unaudited)**  
(In Canadian Dollars)

	March 31 2020	December 31 2019
	\$	\$
<b>ASSETS</b>		
Cash	155,311,071	187,991,712
Accounts and other receivables (Note 3)	545,157	627,861
Prepaid expenses	83,503	113,872
Investments, at fair value (Note 4)	26,257,299	-
Capital assets (Note 5)	33,399	15,896
	<b>182,230,429</b>	<b>188,749,341</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	842,754	1,974,377
Due to broker	3,794,040	-
	<b>4,636,794</b>	<b>1,974,377</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	183,959,164	183,956,760
Founder Warrants (Note 8)	4,799,890	4,800,044
Deficit	(11,165,419)	(1,981,840)
	<b>177,593,635</b>	<b>186,774,964</b>
<b>TOTAL LIABILITES AND SHAREHOLDERS' EQUITY</b>	<b>182,230,429</b>	<b>188,749,341</b>

**Approved on Behalf of the Board:**

Signed: "Blair Driscoll", Director

Signed: "Paul Gibbons", Director

(See accompanying notes to the condensed interim financial statements.)

**FAX CAPITAL CORP.**  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2020 AND 2019**

**(Unaudited)**

(In Canadian Dollars)

	<b>Three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
	\$	\$
<b>REVENUE</b>		
Interest revenue	918,799	21,130
Dividend income	52,695	-
Net change in unrealized loss on investments (Note 4)	<b>(9,078,052)</b>	-
	<b>(8,106,558)</b>	21,130
<b>EXPENSES</b>		
Compensation (Note 11)	519,564	-
Office, general and administration (Note 11)	197,929	56,458
Professional fees	161,996	139,869
Brokerage fees and commissions	125,768	-
Director fees (Note 11)	68,333	75,000
Depreciation	3,431	-
	<b>1,077,021</b>	271,327
<b>Loss Before Taxes</b>	<b>(9,183,579)</b>	(250,197)
Income tax recovery	-	(193,307)
<b>Net Loss and Comprehensive Loss</b>	<b>(9,183,579)</b>	(56,890)
<b>Loss per share (Note 10)</b>		
Basic	<b>(0.21)</b>	(0.07)
Diluted	<b>(0.21)</b>	(0.07)

(See accompanying notes to the condensed interim financial statements.)

**FAX CAPITAL CORP.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2020 AND 2019**

**(Unaudited)**  
(In Canadian Dollars)

	Share Capital		Founder Warrants (Note 8)	Contributed Surplus (Note 7)	Deficit	Total Shareholders' Equity
	Subordinate Voting Shares (Note 7)	Multiple Voting Shares (Note 7)				
	\$	\$	\$	\$	\$	\$
<b>Balance at January 1, 2019</b>	8,948,742	4,000,000	-	417,784	(8,861,440)	4,505,086
Net loss	-	-	-	-	(56,890)	(56,890)
<b>Balance at March 31, 2019</b>	8,948,742	4,000,000	-	417,784	(8,918,330)	4,448,196
<b>Balance at January 1, 2020</b>	61,230,274	122,726,486	4,800,044	-	(1,981,840)	186,774,964
Shares issued on exercise of warrants	2,404	-	-	-	-	2,404
Warrants exercised	-	-	(154)	-	-	(154)
Net loss	-	-	-	-	(9,183,579)	(9,183,579)
<b>Balance at March 31, 2020</b>	61,232,678	122,726,486	4,799,890	-	(11,165,419)	177,593,635

(See accompanying notes to the condensed interim financial statements.)

**FAX CAPITAL CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2020 AND 2019**

**(Unaudited)**  
(In Canadian Dollars)

	Three months ended March 31	
	2020	2019
	\$	\$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Net loss	(9,183,579)	(56,890)
<b>Adjustments for non-cash items:</b>		
Net change in unrealized loss on investments	9,078,052	-
Depreciation of capital assets	3,431	-
Purchase of securities	(35,335,351)	-
<b>Changes in non-cash working capital:</b>		
Accounts and other receivables	82,704	(1,881)
Prepaid expenses	30,369	1,350
Accounts payable and accrued liabilities	(1,131,623)	(186,393)
Increase in due to broker	3,794,040	-
Income taxes payable	-	(193,307)
	<b>(32,661,957)</b>	<b>(437,121)</b>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITY</b>		
Purchase of capital assets	(20,934)	(12,625)
	<b>(20,934)</b>	<b>(12,625)</b>
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITY</b>		
Proceeds from issue of Subordinate Voting Shares on exercise of Founder Warrants	2,250	-
	<b>2,250</b>	<b>-</b>
<b>Net change in cash during the period</b>	<b>(32,680,641)</b>	<b>(449,746)</b>
Cash, beginning of period	187,991,712	5,138,740
<b>Cash, end of period</b>	<b>155,311,071</b>	<b>4,688,994</b>
<b>Supplemental Cash Flow Information</b>		
Interest paid	-	-
Income taxes paid, net of refunds	-	-

(See accompanying notes to the condensed interim financial statements.)

**FAX CAPITAL CORP.**  
**CONDENSED INTERIM SCHEDULE OF INVESTMENT PORTFOLIO**  
**AS AT MARCH 31, 2020**

(In Canadian Dollars)

<b>Number of securities</b>	<b>Description</b>	<b>Cost</b>	<b>Fair Value</b>
		\$	\$
	<b>Public equity investments</b>		
695,400	Points International Ltd.	15,048,301	8,059,686
11,329,000	Hamilton Thorne Ltd.	13,491,777	11,782,160
443,976	Information Services Corporation	6,795,273	6,415,453
		<b>35,335,351</b>	<b>26,257,299</b>

(See accompanying notes to the condensed interim financial statements.)

**FAX CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
(Unaudited)

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**1. NATURE OF BUSINESS**

FAX Capital Corp. (the “Company”) was incorporated in Ontario in 1923, until it was continued federally under the laws of Canada in 1978. The Company is an investment holding company. Previously, the Company was engaged in the acquisition, exploration and development of properties for the mining of precious and base metals. The Company’s change in business from a mineral resource exploration company to an investment holding company was approved by the Company’s shareholders at a special meeting held on November 23, 2018 and by the Canadian Securities Exchange (the “CSE”) in February 2019.

On December 17, 2018, the Company changed its name from God’s Lake Resources Inc. to FAX Capital Corp. The name change was approved at the annual and special meeting of shareholders of the Company held on June 29, 2018, and completed in connection with the Company’s change of business from a mineral resource exploration company to an investment holding company.

On November 21, 2019, the Company’s Subordinate Voting Shares and the Founder Warrants were listed on the Toronto Stock Exchange (“TSX”) under the symbols FXC and FXC.WT, respectively, pursuant to the TSX’s Sandbox initiative for the listing of new issuers. In conjunction with the listing on the TSX, the Subordinate Voting Shares listed on the CSE were voluntarily halted and delisted from the CSE.

The Company is domiciled in the Province of Ontario, and its registered office address is 100 Wellington Street West, Suite 2110 Toronto, Ontario, M5K 1H1.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Specifically, these statements have been prepared in accordance with International Accounting Standards 34 (“IAS 34”), *Interim Financial Reporting*.

The accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended December 31, 2019. The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019.

**Basis of Presentation**

These financial statements have been prepared using the historical cost convention except for certain financial instruments which are measured at fair value.

**Functional and Presentation Currency**

The Company’s functional and presentation currency is the Canadian dollar.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Critical Accounting Judgments, Estimates, and Assumptions**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates, and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Information about significant areas of estimation uncertainty considered by management in preparing the financial statements are as follows:

#### *Classification and measurement of investments*

In classifying and measuring financial instruments held by the Company, the Company is required to make significant judgements about its business model for managing its financial instruments, and whether or not the business of the Company is to manage the financial assets with the objective of realizing cash flows through the sale of the assets for the purpose of classifying certain financial instruments at fair value through profit or loss ("FVTPL").

#### *Valuation of investments*

Investments are measured at fair value in accordance with IFRS 13, *Fair Value Measurement*. Publicly traded securities are valued at the close price on the recognized stock exchange on which the securities are listed or principally traded, provided the close price is within the bid-ask spread.

Securities which are listed on a stock exchange or traded over-the-counter and which are subject to a hold period or other trading restrictions are valued as described above, with an appropriate discount as determined by management.

#### *Income Taxes*

Income taxes relating to uncertain tax positions are recognized based on the expected value of the tax settlement with the related tax authority. Judgment is required to determine the amount of tax provision relating to these uncertain tax positions.

#### *Deferred Tax Assets*

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent that it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income, together with future tax planning strategies.

**FAX CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
(Unaudited)

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Founder Warrants*

The Company uses the Black-Scholes model to calculate the value of Founder Warrants issued as part of the Company's Offering (as defined herein). The Black-Scholes model requires six key inputs to determine a value for a warrant: risk-free interest rate, exercise price, market price at date of issuance, expected yield, expected life and expected volatility. Certain of the inputs are estimates, which involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. Proceeds from the Offering, net of issuance costs, are allocated between Subordinate Voting Shares and Founder Warrants issued according to their relative fair value.

**3. ACCOUNTS AND OTHER RECEIVABLES**

Accounts and other receivables consist of the following:

	<b>March 31</b>	December 31
	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Interest	<b>224,231</b>	359,630
Dividend	<b>52,695</b>	-
Due from Fax Investments Inc. (Note 11(b))	<b>268,231</b>	268,231
	<b>545,157</b>	627,861

**4. INVESTMENTS**

The Company's investments are financial instruments and have been classified at FVTPL with gains and losses recorded in net income. Investment transactions are recorded on a trade date basis.

Fair value measurements of the investments are classified based on a three-level hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

**FAX CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
(Unaudited)

**4. INVESTMENTS (Continued)**

The following table includes the disaggregation of unrealized loss on investments for the period ended March 31, 2020:

	March 31 2020	March 31 2019
<b>Net change in unrealized loss on investments</b>	<b>\$</b>	<b>\$</b>
Reversal of previously recorded unrealized (gain) loss on investments	-	-
Unrealized gain (loss) on investments held at end of period	<b>(9,078,052)</b>	-
	<b>(9,078,052)</b>	-

Investments consisted of the following as at March 31, 2020:

<b>Financial assets measured at fair value</b>	<b>Cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
	\$	\$	\$	\$	\$
Equities	35,335,351	26,257,299	-	-	26,257,299

The Company did not have any investments at December 31, 2019. There were no transfers between Level 1 and any other level during the period.

**5. CAPITAL ASSETS**

The following is a continuity schedule of computer equipment:

	March 31 2020	December 31 2019
	\$	\$
<b>Cost</b>		
Balance - beginning of period	<b>20,889</b>	-
Additions	<b>20,934</b>	20,889
Balance - end of period	<b>41,823</b>	20,889
<b>Accumulated Amortization</b>		
Balance - beginning of period	<b>4,993</b>	-
Depreciation	<b>3,431</b>	4,993
Balance - end of period	<b>8,424</b>	4,993
Carrying Value	<b>33,399</b>	15,896

**FAX CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
(Unaudited)

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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of the following:

	<b>March 31</b>	December 31
	<b>2020</b>	2019
	\$	\$
Accounts payable	<b>110,624</b>	494,189
Accrued liabilities	<b>507,153</b>	780,188
Short-term employee compensation	<b>224,977</b>	700,000
	<b>842,754</b>	1,974,377

**7. SHARE CAPITAL**

**(a) Authorized**

- (i) An unlimited number of Multiple Voting Shares, which entitle the holder to 10 votes per Multiple Voting Share on all matters upon which shareholders are entitled to vote. Fax Investments Inc., owns all of the issued and outstanding Multiple Voting Shares; and
- (ii) An unlimited number of Subordinate Voting Shares, which entitle the holder one vote per Subordinate Voting Share on all matters upon which shareholders are entitled to vote.
- (iii) The Multiple Voting Shares and the Subordinate Voting Shares rank pari passu, as to the right to receive dividends and to receive the remaining property and assets of the Company on the liquidation, dissolution or winding-up of the Company, whether voluntarily or involuntarily, or any other distribution of assets of the Company among its shareholders for the purposes of winding up its affairs; and
- (iv) On December 17, 2018, the Company entered into a coattail agreement with Computershare Trust Company of Canada and Fax Investments Inc. (the "Coattail Agreement") to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares. The Coattail Agreement contains provisions designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares.

**(b) Capital Reorganization**

On June 27, 2019, at the annual general and special meeting of shareholders, a special resolution was passed which authorized the Company to implement a capital reorganization. A capital reorganization is an accounting process and transaction used by a company to reduce its accumulated deficit by recording a corresponding reduction in its share capital and contributed surplus accounts. The Company implemented the capital reorganization because its accumulated deficit was primarily due to the Company's former business as a mineral resource exploration company and was not reflective of the new business of the Company as an investment holding company.

**FAX CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
(Unaudited)

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**7. SHARE CAPITAL (Continued)**

**(b) Capital Reorganization (Continued)**

The capital reorganization resulted in the reduction of the accumulated deficit of the Company by \$8,861,440, the reduction of the stated capital account of the Subordinate Voting Shares by \$8,373,574, the reduction of the stated capital account of the Multiple Voting Shares by \$70,082, and the reduction of the contributed surplus account of the Subordinate Voting Shares by \$417,784.

**(c) Public Offering of Units**

On November 21, 2019, the Company closed the public offering of units of the Company (the "Offering") at a price of \$4.50 per unit (the "Offering Price") pursuant to the Company's long-form prospectus dated October 18, 2019. An aggregate of 15,560,000 units were issued by the Company at the Offering Price for aggregate gross proceeds of \$70,020,000. Each unit consisted of one Subordinate Voting Share of the Company and one Founder Warrant. The aggregate gross proceeds were allocated according to their relative fair value of \$64,885,200 to the Subordinate Voting Shares and \$5,134,800 to the Founder Warrants.

Founder Warrants entitle the holder to acquire, subject to adjustment in certain circumstances, one Subordinate Voting Share at an exercise price per share of \$4.50 up until the date that is 24 months following November 21, 2019, the date the Company closed the Offering (the "Expiry Time"). Following the Expiry time, the Founder Warrants will be deemed to have expired and become void. The Founder Warrants are exercisable, at the option of each holder, in whole or in part, by payment in full of the aggregate exercise price payable in cash for the number of Subordinate Voting Shares purchased upon such exercise. The Founder Warrants are governed by the terms and conditions set forth in a warrant indenture entered into between the Company and Computershare Trust Company of Canada (see Note 8).

**(d) Private Placement of Multiple Voting Shares**

On November 21, 2019, the Company closed the purchase by Fax Investments Inc., on a private placement basis, of 26,671,110 Multiple Voting Shares of the Company at a subscription price per share of \$4.50 for an aggregate amount of \$120,019,995 (the "Substantial Equity Investment"). Fax Investments Inc. did not receive any Founder Warrants as part of its subscription for Multiple Voting Shares.

**(e) Share Issuance Costs**

The Company incurred \$5,788,277 of share issuance costs in respect of the Offering and the Substantial Equity Investment. These amounts were deducted from equity as follows: \$1,223,427 were charged to the Multiple Voting Shares; \$4,230,094 were charged to the Subordinate Voting Shares; and \$334,756 were charged to the Founder Warrants.

**FAX CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
(Unaudited)

**7. SHARE CAPITAL (Continued)**

**(f) Issued and Outstanding**

	<b>Three Month Period Ended March 31, 2020</b>		<b>Year Ended December 31, 2019</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
		<b>\$</b>		<b>\$</b>
<b>Issued - Multiple voting shares</b>				
Balance - Beginning of period	<b>26,971,411</b>	<b>122,726,486</b>	300,301	4,000,000
Capital reorganization	-	-	-	(70,082)
Private placement	-	-	26,671,110	120,019,995
Share issuance costs	-	-	-	(1,223,427)
Balance - End of period	<b>26,971,411</b>	<b>122,726,486</b>	26,971,411	122,726,486
<b>Issued - Subordinate voting shares</b>				
Balance - Beginning of period	<b>16,059,171</b>	<b>61,230,274</b>	499,171	8,948,742
Capital reorganization	-	-	-	(8,373,574)
Public offering of units	-	-	15,560,000	64,885,200
Share issuance costs	-	-	-	(4,230,094)
Issued on exercise of Founder Warrants	<b>500</b>	<b>2,404</b>	-	-
Balance - End of period	<b>16,059,671</b>	<b>61,232,678</b>	16,059,171	61,230,274
<b>Total</b>		<b>183,959,164</b>		<b>183,956,760</b>

The Company's number of issued and outstanding Multiple Voting Shares and Subordinate Voting Shares are retrospectively presented to reflect the 5:1 consolidation which became effective on November 21, 2019 as approved by shareholders at the Company's annual and special general meeting on June 27, 2019.

**8. FOUNDER WARRANTS**

A summary of the status of the Company's Founder Warrants and changes during the period is as follows:

	<b>Three Month Period Ended March 31, 2020</b>		<b>Year Ended December 31, 2019</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
		<b>\$</b>		<b>\$</b>
<b>Founder Warrants</b>				
Balance - Beginning of period	<b>15,560,000</b>	<b>4,800,044</b>	-	-
Public offering of units	-	-	15,560,000	5,134,800
Warrant issuance costs	-	-	-	(334,756)
Exercised during the period	<b>(500)</b>	<b>(154)</b>	-	-
Balance - End of period	<b>15,559,500</b>	<b>4,799,890</b>	15,560,000	4,800,044

**FAX CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
(Unaudited)

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**8. FOUNDER WARRANTS (Continued)**

Each Founder Warrant entitles the holder to purchase one Subordinate Voting Share at a price of \$4.50 per share until November 21, 2021.

The fair value of the Founder Warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.57%
Expected life	2 years
Expected volatility	20%
Share price	\$4.17
Exercise price	\$4.50

**9. LONG-TERM INCENTIVE PLAN**

The Company has a long-term incentive plan (the “Plan”) to assist in attracting, retaining and motivating directors and employees of the Company. The Plan is designed to: (i) encourage share ownership; (ii) align eligible participants’ interests in the performance of the Company; (iii) encourage the retention of key employees within the Company; and (iv) attract high qualified employees by remaining competitive in terms of total compensation arrangements. The Governance, Compensation and Nominating Committee (the “Committee”) of the Company’s Board of Directors (the “Board”) administers the Plan.

The maximum aggregate number of Subordinate Voting Shares that may be issuable pursuant to awards granted under the Plan to insiders of the Company shall not exceed 10% of the issued and outstanding Subordinate Voting Shares of the Company. No more than 5% of the issued Subordinate Voting Shares of the Company may be granted to any one participant, and no more than 2% of the issued Subordinate Voting Shares of the Company may be granted to any one employee conducting “Investor Relations Activities” in any twelve-month period. The awards are non-transferable and non-assignable.

The specific awards that may be granted under the Plan are as follows:

**(a) Options**

Options to purchase Subordinate Voting Shares may be granted to eligible persons at an exercise price which shall in no event be lower than the Market Price on the grant date. The Market Price means the volume-weighted average trading price of the Subordinate Voting Shares for the ten trading days immediately preceding such date as reported on the stock exchange on which the Subordinate Voting Shares are listed for trading or quoted. Options are subject to time vesting conditions set out at the grant date. Options vest and become exercisable in approximately equal tranches of 25% of the total award on the first anniversary of the grant date and each of the next four anniversaries of the grant date and are exercisable no later than 10 years after the grant date.

The Company did not grant any options during the three month periods ended March 31, 2020 and 2019. The Company currently does not have any options outstanding.

**9. LONG-TERM INCENTIVE PLAN (Continued)**

**(b) Restricted Share Units**

Restricted Share Units (“RSUs”) may be granted as either Discretionary Restricted Share Units (“Discretionary RSUs”) or as Elective Restricted Share Units (“Elective RSUs”). Discretionary RSUs may be granted to eligible persons at such time as determined by the Board pursuant to recommendations of the Committee. In addition, the Board may, on fixed dates and upon certain conditions determined by the Board, permit an eligible employee to elect to defer receipt of all or a portion of his or her annual incentive bonus payable by the Company and receive in lieu thereof an award of RSUs, being the Elective RSUs. The value of each RSU is based on the share price of the Company’s Subordinate Voting Shares. Discretionary RSUs will vest immediately and be settled no later than December 31 of the calendar year which is no earlier than three years and no later than five years after the calendar year in which the Discretionary RSU was granted. Elective RSUs will vest immediately and be settled no later than December 31 of the calendar year which is three years after the calendar year in which the Elective RSU was granted. Discretionary RSUs are share settled in Subordinate Voting Shares and Elective RSUs are cash settled. The Committee will determine whether and to what extent dividend equivalents will be credited to a participants account with respect to awards of RSUs.

The Company did not issue any RSUs during the three month periods ended March 31, 2020 and 2019. On April 14, 2020, the Company issued 223,830 RSUs and currently has 223,830 RSUs outstanding.

**(c) Deferred Share Units**

Deferred Share Units (“DSUs”) may be granted as either Discretionary Deferred Share Units (“Discretionary DSUs”) or as Elective Deferred Share Units (“Elective DSUs”). Discretionary DSUs may be granted to eligible persons at such time as determined by the Board pursuant to recommendations of the Committee. In addition, the Board may permit an eligible participant to elect to defer receipt of all or a portion of his or her annual board retainer payable by the Company and receive in lieu thereof an award of DSUs, being the Elective DSUs. The value of each DSU is based on the share price of the Company’s Subordinate Voting Shares. Discretionary DSUs vest based on the period determined by the Committee at the time the award is granted. Elective DSUs vest immediately at the time the award is granted. DSUs are settled after the time a participant ceases to be a director or employee of the Company for any reason and by December 31 of the first calendar year that commences after such time. DSUs are cash settled. The Committee will determine whether and to what extent dividend equivalents will be credited to a participants account with respect to awards of DSUs. The Company did not issue any DSUs during the three month periods ended March 31, 2020 and 2019. On April 14, 2020, the Company issued 2,574 DSUs and currently has 2,574 DSUs outstanding.

**(d) Performance Share Units**

Performance Share Units (“PSUs”) may be granted to eligible persons at such time as determined by the Board pursuant to recommendations of the Committee. PSUs are subject to performance and time vesting conditions. The performance criteria that shall be used to determine the vesting of the PSUs may include criteria based upon the achievement of Company-wide, divisional or individual goals, or as may otherwise be determined by the Board. The value of each PSU is based on the share price of the Company’s Subordinate Voting Shares. PSUs will vest and be settled no later than December 31 of the calendar year which is three years after the calendar year in which the PSU was granted. The Committee will determine whether and to what extent dividend equivalents will be credited to a participants account with respect to awards of PSUs.

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**9. LONG-TERM INCENTIVE PLAN (Continued)**

**(d) Performance Share Units (Continued)**

The Company did not issue any PSUs during the three month periods ended March 31, 2020 and 2019. On April 14, 2020, the Company issued 362,756 PSUs and currently has 362,756 PSUs outstanding.

**10. LOSS PER SHARE**

Basic and diluted earnings per common share are calculated as follows:

	<b>March 31</b>	March 31
	<b>2020</b>	2019
Net loss available to common shareholders	<b>\$ (9,183,579)</b>	\$ (56,890)
Weighted average number of common shares outstanding - basic and diluted	<b>43,031,071</b>	799,472
Loss per common share		
Basic	<b>\$ (0.21)</b>	\$ (0.07)
Diluted	<b>\$ (0.21)</b>	\$ (0.07)

The Company's Multiple Voting Shares and its Subordinate Voting Shares are both classes of common shares of the Company.

The weighted average number of outstanding common shares used in the earnings per share calculations reflect the 5:1 share consolidation of the Company's issued and outstanding Multiple Voting Shares and Subordinate Voting Shares which became effective on November 21, 2019 as approved by shareholders at the Company's annual and special general meeting on June 27, 2019 and the 3.7:1 share consolidation of the Company's issued and outstanding Multiple Voting Shares and Subordinate Voting Shares which became effective on December 17, 2018.

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**11. RELATED PARTY TRANSACTIONS**

In addition to the share issuance transactions described in Note 7, the following transactions have occurred with related parties in the normal course of operations.

- (a) The Company and Federated Capital Corp. (“Federated Capital”), the parent company of Fax Investments Inc., entered into an agreement (the “Administrative Services Agreement”) on November 21, 2019 whereby the Company will have access to certain office space and supplies, computers, communication equipment and administrative personnel provided by Federated Capital. As consideration for such services (including the use of office space), the Company has agreed to pay Federated Capital a fee equal to the costs and expenses of Federated Capital in providing such services and office space, plus 5%. For the three month period ended March 31, 2020, Federated Capital charged the Company expenses under the Administrative Services Agreement of \$34,349. For the three months ended March 31, 2019, Federated Capital provided management and other administrative support services, including rent, at no cost to the Company.
- (b) Fax Investments Inc. has agreed to pay all issue expenses, excluding agents’ commissions, incurred by the Company in connection with the Offering and the Substantial Equity Investment (collectively, the “Offerings”) in excess of 1.5% of the gross proceeds of the Offerings. As a result of this commitment, Fax Investments Inc. will reimburse the Company \$268,231 of excess issue expenses. This amount is included in accounts and other receivables in the Interim Condensed Statements of Financial Position as at March 31, 2020 and December 31, 2019.
- (c) Fax Investments Inc. has agreed to pay at the end of each fiscal year of the Company (pro rated for the period from November 21, 2019, the closing date of the Offerings to December 31, 2019), certain specified operating expenses of the Company exceeding 2.85% of the Company’s average month-end book value for such fiscal year until December 31, 2024. The Company’s specified operating expenses were below this threshold in the three month period ended March 31, 2020.

**Key Management Personnel**

Key management personnel are defined as those individuals having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company considers its executive officers and its directors to be its key management personnel. In 2019, given the Company’s early stage of development, the Company’s executive officers’ compensation was not charged to the Company.

Compensation paid to key management personnel for the three month period ended March 31, 2020 was \$146,972 (2019 - \$75,000).

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**11. RELATED PARTY TRANSACTIONS (Continued)**

**Key Management Personnel**

These expenditures were allocated as follows in the financial statements:

	<b>March 31</b>	March 31
	<b>2020</b>	2019
	\$	\$
Director fees	<b>68,333</b>	75,000
Compensation (Refer to Note 11 (a))	<b>78,639</b>	-
	<b>146,972</b>	75,000

**12. MANAGEMENT OF CAPITAL**

The Company includes the following in its managed capital:

	<b>March 31</b>	March 31
	<b>2020</b>	2019
	\$	\$
Multiple Voting Shares	<b>122,726,486</b>	4,000,000
Subordinate Voting Shares	<b>61,232,678</b>	8,948,742
Founder Warrants	<b>4,799,890</b>	-
Contributed surplus	-	417,784
Deficit	<b>(9,183,579)</b>	(8,918,330)
	<b>179,575,475</b>	4,448,196

The Company is not subject to externally imposed capital requirements. The Company's capital management objectives may change once it becomes more active in its investment holding company operations.

**13. SEGMENTED INFORMATION**

The Company has one operating and geographic segment, which is that of an investment holding company. All of the Company's operations, assets, and revenues belong to this segment. Prior to the approval of the Company's change of business, it operated in one operating and geographic segment, which was that of a mineral resource exploration company. Previously, all of the Company's operations, assets, and revenues belonged to that segment.

#### **14. FINANCIAL INSTRUMENTS**

##### **Credit Risk**

Credit risk is the risk of loss associated with a counter-party's inability to fulfil its payment obligations. The Company's maximum exposure to credit risk was \$545,157 as of March 31, 2020 (March 31, 2019 - \$13,383), being the value of its interest receivable, dividend receivable and a receivable from a related party. Management believes these receivables are a low credit risk. As of March 31, 2019, the Company's exposure to credit risk consisted of its interest receivable and income taxes recoverable from the Government of Canada. There have been no changes to the Company's methods for managing credit risk during the period ended March 31, 2020.

##### **Liquidity Risk**

Liquidity risk is the risk that the Company will have sufficient cash resources to meet its financial obligations as they come due. The Company did not generate cash flows from its principal operations and relied on its cash balance to pay its liabilities. Management ensures it maintains sufficient cash on hand for continued operations.

There have been no changes to management's methods for managing liquidity risk since December 31, 2019. The Company has working capital of \$151,302,937 as of March 31, 2020 (March 31, 2019 - \$4,435,571) and in management's judgment, the Company has sufficient working capital to continue to fund its operations and to pay its liabilities for the next fiscal year.

##### **Market Risk**

Market risk is the potential for loss to the Company from changes in the values of its financial instruments due to changes in equity prices, foreign exchange rates or interest rates.

##### *Equity Price Risk*

Equity price risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in stock market prices. All securities present a risk of loss of capital. Any equity and derivative instrument that the Company may hold is susceptible to market price risk arising from uncertainties about future prices of the instruments. Management moderates this risk through a careful selection of securities and other financial instruments with the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

The most significant exposure for the Company to equity price risk arises from its investment in publicly traded securities. As at March 31, 2020, for publicly traded securities, had the prices on the respective stock exchanges for those securities increased or decreased by 10%, with all variable held constant, net assets would have increased or decreased, respectively, by approximately \$2,625,730 (December 31, 2019 - \$nil) or approximately 1.4% (December 31, 2019 - %nil) of total assets. In practice, the actual results may differ.

The Company is unable to quantify the potential impact of Covid-19 on its investments at this time. There has been no change in the Company's long-term investment strategy, despite the pandemic.

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**14. FINANCIAL INSTRUMENTS (Continued)**

*Foreign Currency Risk*

Foreign currency risk is the risk that fluctuations in the rates of exchange on foreign currency would impact the Company's future cash flows. The Company has minimal exposure to foreign exchange fluctuations as it only has an immaterial amount of cash held in a United States ("US") dollar bank account. The Company has no other assets or liabilities denominated in US dollars. There have been no changes in the Company's foreign currency risk management strategies during the year.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents. The fair value of the Company's cash and cash equivalents affected by changes of interest rates is minimal. There have been no changes to managements' strategies to mitigate interest rate risk during the year.

**15. COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2020 condensed interim financial statements.

**16. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors and authorized for issue on May 14, 2020.