FAX CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Presented in Canadian Dollars)

CONTENTS

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Independent Auditor's Report

To the Shareholders and Board of Directors of FAX Capital Corp.

Opinion

We have audited the consolidated financial statements of FAX Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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 Mervyn Ramos.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 24, 2020

FAX CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31

(Presented in Canadian Dollars)

	2019	2018
ASSETS		
Current Assets		
Cash	**$ 187,991,712**	$ 5,138,740
Accounts and other receivables (Note 5)	**627,861**	11,502
Prepaid expenses	**113,872**	4,725
Total Current Assets	**188,733,445**	5,154,967
Long Term Assets		
Capital assets (Note 6)	**15,896**	-
Total Long Term Assets	**15,896**	-
Total Assets	**$ 188,749,341**	$ 5,154,967
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7)	**$ 1,974,377**	$ 283,031
Income taxes payable	**-**	366,850
Total Current Liabilities	**1,974,377**	649,881
Total Liabilities	**1,974,377**	649,881
Equity		
Share capital (Note 9)	**188,756,804**	12,948,742
Contributed surplus (Note 9)	**-**	417,784
Deficit	**(1,981,840)**	(8,861,440)
Total Equity	**186,774,964**	4,505,086
Total Liabilities and Equity	**$ 188,749,341**	$ 5,154,967

Approved on Behalf of the Board:

Signed: "Blair Driscoll", Director

Signed: "Paul Gibbons", Director

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

FAX CAPITAL CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31

(Presented in Canadian Dollars)

	2019	2018
REVENUE		
Interest and other income	**$ 544,411**	$ 11,686
Net realized losses on investments	**-**	(329,482)
Net change in unrealized losses on investments	**-**	270,786
	544,411	(47,010)
EXPENSES		
Compensation (Note 12)	**1,101,890**	13,433
Professional fees	**547,375**	552,155
Office, general and admin (Note 12)	**402,005**	55,554
Director fees (Note 12)	**300,833**	68,740
Filing and listing fees	**293,987**	15,191
Consulting fees	**110,296**	-
Depreciation	**4,993**	-
	2,761,379	705,073
Loss Before Taxes	**$ (2,216,968)**	$ (752,083)
Income tax (recovery) expense (Note 8)	**(235,128)**	366,850
Net Loss and Comprehensive Loss	**$ (1,981,840)**	$ (1,118,933)
Loss per share (Note 11)		
Basic	**$ (0.37)**	$ (2.19)
Diluted	**$ (0.37)**	$ (2.19)

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

FAX CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

(Presented in Canadian Dollars)

	Share Capital					
	Subordinate Voting Shares (Note 9)	**Multiple Voting Shares (Note 9)**	**Founder Warrants (Note 9)**	**Contributed Surplus (Note 9)**	**Deficit**	**Total Shareholders' Equity**
Balance at January 1, 2018	$ 8,948,742	$ -	$ -	$ 417,784	$ (7,742,507)	$ 1,624,019
Shares issued	-	4,000,000	-			4,000,000
Net loss	-	-	-	-	(1,118,933)	(1,118,933)
Balance at December 31, 2018	$ 8,948,742	$ 4,000,000	$ -	$ 417,784	$ (8,861,440)	$ 4,505,086
Balance at January 1, 2019	**$ 8,948,742**	**$ 4,000,000**	**$ -**	**$ 417,784**	**$ (8,861,440)**	**$ 4,505,086**
Capital reorganization (Note 9 (b))	**(8,373,574)**	**(70,082)**	**-**	**(417,784)**	**8,861,440**	**-**
Shares issued (Notes 9 (c) and (d))	**64,885,200**	**120,019,995**	**5,134,800**			**190,039,995**
Share issuance costs (Note 9 (e))	**(4,230,094)**	**(1,223,427)**	**(334,756)**	**-**	**-**	**(5,788,277)**
Net loss	**-**	**-**	**-**	**-**	**(1,981,840)**	**(1,981,840)**
Balance at December 31, 2019	**$ 61,230,274**	**$ 122,726,486**	**$ 4,800,044**	**$ -**	**$ (1,981,840)**	**$ 186,774,964**

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

FAX CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

(Presented in Canadian Dollars)

		2019		2018
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net loss	$	(1,981,840)	$	(1,118,933)
Adjustments for non-cash items:				
Depreciation of capital assets		4,993		-
Net realized losses on disposal of investments		-		329,482
Net unrealized losses on investments		-		(270,786)
Changes in non-cash working capital:				
Accounts and other receivables		(616,359)		2,812
Prepaid expenses		(109,147)		(4,725)
Accounts payable and accrued liabilities		1,691,346		224,734
Income taxes payable		(366,850)		366,850
	$	(1,377,857)		(470,566)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES				
Purchase of capital assets		(20,889)		-
Decrease in due from broker		-		3,992,171
Exploration and evaluation expenditures		-		100,000
Purchase of securities		-		(14,355,422)
Proceeds from sale of securities		-		11,946,340
		(20,889)		1,683,089
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES				
Proceeds from issue of Subordinate Voting Shares		64,885,200		-
Proceeds from issue of Multiple Voting Shares		120,019,995		4,000,000
Proceeds from issue of Founder Warrants		5,134,800		-
Share issuance costs		(5,788,277)		-
Decrease in loans payable		-		(100,000)
		184,251,718		3,900,000
Net Increase in Cash		182,852,972		5,112,523
Cash, Beginning of Year		5,138,740		26,217
Cash, End of Year	$	187,991,712	$	5,138,740
Supplemental Cash Flow Information				
Interest paid	$	-	$	-
Income taxes paid, net of refunds	$	124,839	$	6,883

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

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. BASIS OF PREPARATION

Statement of Compliance

These consolidated 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"). Significant accounting estimates, judgments, and assumptions used or exercised by management in preparation of these consolidated financial statements are presented below.

Basis of Presentation

These consolidated 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. BASIS OF PREPARATION (Continued)

Basis of Consolidation

These consolidated financial statements include the financial statements of FAX Capital Corp. and its wholly-owned subsidiary, Golden Brick Exploration Inc. ("Golden Brick"), which is a corporation formed under the laws of the Province of Ontario. This subsidiary was fully consolidated from the date of acquisition, being the date on which the Company obtained control, until April 25, 2018, the date that such control ceased (see note 4). The financial statements of the subsidiary were prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany account balances and transactions were eliminated upon consolidation.

Critical Accounting Judgments, Estimates, and Assumptions

The preparation of the consolidated 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 consolidated 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 consolidated financial statements are as follows:

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.

Founder Warrants

The Company uses the Black-Scholes model to calculate the value of Founder Warrants issued as part of the Company's public offering of units. 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 public offering of units, net of issuance costs, are allocated between subordinate voting shares and Founder Warrants issued according to their relative fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

Cash

Cash consists of deposits at Canadian chartered banks which are available on demand.

Capital Assets

Capital assets are carried at cost less accumulated depreciation. Capital assets are comprised of computer equipment which is depreciable on a straight line basis over 3 years.

Revenue Recognition

Purchases and sales of investments are recognized on the trade date. Realized gains and losses on disposal and unrealized gains and losses in the value of investments are reflected in the consolidated statement of comprehensive loss. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the purchase and sale of investments are expensed as incurred.

Financial Instruments

The Company's financial instruments are comprised of cash, accounts and other receivables, and accounts payable and accrued liabilities.

All financial assets are recorded at fair value in the Consolidated Balance Sheets. A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all of the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired, the impairment provision is based upon the expected loss.

All other financial assets and financial liabilities, primarily comprised of accounts and other receivables, and accounts payable and accrued liabilities, are measured at amortized cost which approximates fair value. Under the amortized cost method, financial assets and liabilities reflect the amount required to be received or paid and discounted when appropriate using the effective interest method.

Share Capital

The Company's multiple voting shares, subordinate voting shares and Founder Warrants are classified as equity in the financial statements. Incremental costs directly attributable to the issuance of multiple voting shares, subordinate voting shares and Founder Warrants are recognized as a deduction from equity.

Loss Per Share

Basic net loss per share is calculated based on the weighted average number of common shares outstanding during the year. Diluted net loss per share is determined by adjusting the weighted average number of common shares outstanding for the effects of all potentially dilutive shares The Company's multiple voting shares and its subordinate voting shares are both classes of common shares of the Company. Instruments which would be anti-dilutive are not included in the calculation of diluted loss per share.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-Based Payments

The Company uses the fair value based method to account for stock options granted to employees. The fair value of stock options is determined on each grant date. Compensation expense is recognized over the period that the stock options vest, with a corresponding increase in Contributed surplus. When stock options are exercised, the proceeds together with the amount recorded in Contributed surplus are added to Share capital.

The Company recognizes a liability for cash and share settled awards including those granted under the Performance Share Unit, Restricted Share Unit and Deferred Share Unit plans. Compensation expense is recognized over the vesting period. The liability is remeasured at fair value at each reporting period.

Income Taxes

(i) Current income tax:

Current income tax assets and liabilities for the current and prior 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 income tax relating to items recognized directly in equity is recognized in equity and not through profit or loss.

(ii) Deferred tax:

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, to the extent that it is probable that profit will be available against which the deductible temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statements of financial position date. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the consolidated statements of comprehensive loss.

The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each consolidated statement of financial position date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

The Company does not record deferred tax assets on deductible temporary differences, the carry-forward of unused tax credits or unused tax losses to the extent that it considers it cannot be utilized.

(Presented in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Policies

IFRS 16 Leases (IFRS 16)

On January 1, 2019, the Company adopted IFRS 16 Leases. IFRS 16, which replaced IAS 17 Leases, was issued in January 2016 to improve the accounting for leases, generally by eliminating a lessees' classification of leases and introducing a single lessee accounting model. The most significant effect of the new standard is the lessee's recognition of the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position. Leases with durations of 12 months or less and leases for low value assets are both exempted. The measurement of the total lease expense over the term of a lease is unaffected by the new standard. However, the new standard results in the timing of lease expense recognition being accelerated for leases which were formerly accounted for as operating leases. The presentation on the statement of comprehensive loss required by the new standard results in most lease expenses being presented as amortization of lease assets and financing costs arising from lease liabilities rather than as being a part of goods and services purchased. The adoption of this standard did not have a significant impact on the Company's financial position or results of operations.

4. DISPOSAL OF GOLDEN BRICK EXPLORATION INC.

On April 25, 2018, the Company entered into an agreement to sell the shares of its wholly-owned subsidiary, Golden Brick, in settlement of its loans payable to AER Nickel Corporation Limited and Mini Metals Inc. in the aggregate amount of $100,000. The above corporations were controlled by a former director of the Company. The loans were unsecured, non-interest bearing, and were due on demand. The loans were provided to the Company for general working capital purposes. As a result of the change in control of the Company on May 30, 2018, these two entities are no longer related parties to the Company.

5. ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables consist of the following:

	2019	2018
Interest	**$ 359,630**	$ 4,619
Due from Fax Investments Inc. (Note 12(c))	**268,231**	-
Income taxes recoverable	**-**	6,883
	$ 627,861	$ 11,502

(Presented in Canadian Dollars)

6. CAPITAL ASSETS

The following is a continuity schedule of computer equipment:

Cost		2019		2018
Balance - beginning of year	$	-	$	-
Additions		20,889		-
Balance - end of year	$	20,889	$	-

Accumulated Amortization		2019		2018
Balance - beginning of year	$	-	$	-
Depreciation		4,993		-
Balance - end of year	$	4,993	$	-

Carrying Value		2019		2018
Balance	$	15,896	$	-

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

		2019		2018
Accounts payable	$	494,189	$	47,031
Accrued liabilities		780,188		236,000
Short-term employee compensation		700,000		-
	$	1,974,377	$	283,031

8. INCOME TAXES

The components of income tax expense are as follows:

		2019		2018
Current income taxes	$	(235,128)	$	366,850
Deferred income taxes		-		-
Income tax (recovery) expense	$	(235,128)	$	366,850

(Presented in Canadian Dollars)

8. INCOME TAXES (Continued)

The following is a reconciliation of income tax expense to the combined federal and provincial statutory income tax rate:

	2019	2018
Loss before taxes	**$ (2,216,968)**	$ (752,083)
Statutory tax rate	**26.5%**	26.5%
Expected tax recovery at statutory rates	**(587,497)**	(199,302)
Non-taxable portion of trading losses	**-**	8,616
Permanent differences	**3,828**	11,519
Adjustments in respect of Company's change in business	**-**	366,850
Adjustments for prior years	**(235,128)**	-
Deferred tax asset not recognized	**583,668**	179,167
Income tax expense (recovery)	**$ (235,128)**	$ 366,850

DEFERRED INCOME TAXES

Source of deferred income taxes are as follows:

	2019	2018
Non-capital losses	**$ 583,668**	$ 179,167
Assets not recognized	**(583,668)**	(179,167)
Deferred income tax asset (liability)	**$ -**	$ -

As at December 31, 2019, the Company had non-capital losses of approximately $2,810,000 (2018 - $608,998) available to reduce future taxable income. A deferred tax asset has not been recorded as it does not meet the requirements to recognize.

9. 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 entitle 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

9. SHARE CAPITAL (Continued)

(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.

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 on the date that is 24 months following November 21, 2019, the date the Company closed its public offering of units of the Company (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.

(Presented in Canadian Dollars)

9. SHARE CAPITAL (Continued)

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

(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 its public offering of units and its private placement of multiple voting shares. 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.

(f) Issued and Outstanding

	2019		2018	
	#	**Stated Value**	#	Stated Value
Multiple Voting Shares	**26,971,411**	**$ 122,726,486**	300,301	$ 4,000,000
Subordinate Voting Shares	**16,059,171**	**$ 61,230,274**	499,171	$ 8,948,742
Founder Warrants	**15,560,000**	**$ 4,800,044**	-	$ -
		$ 188,756,804		$ 12,948,742

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.

10. 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 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 years ended December 31, 2019 and 2018. The Company currently does not have any options outstanding.

(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 grant any RSUs during the years ended December 31, 2019 and 2018. The Company currently does not have any RSUs outstanding.

(Presented in Canadian Dollars)

10. LONG-TERM INCENTIVE PLAN (Continued)

(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 grant any DSUs during the years ended December 31, 2019 and 2018. The Company currently does not have any 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.

The Company did not grant any PSUs during the years ended December 31, 2019 and 2018. The Company currently does not have any PSUs outstanding.

11. LOSS PER SHARE

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

	2019	2018
Net loss available to common shareholders	**$ (1,981,840)**	$ (1,118,933)
Weighted average number of common shares outstanding - basic and diluted	**5,427,539**	510,689
Loss per common share		
Basic	**$ (0.37)**	$ (2.19)
Diluted	**$ (0.37)**	$ (2.19)

11. LOSS PER SHARE (Continued)

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.

12. RELATED PARTY TRANSACTIONS

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

(a) The Company and Federated Capital Corp. ("Federated Capital"), the parent company of Fax Investments, entered into an agreement (the "Administrative Services Agreement") 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%. Federated Capital did not charge the Company any expenses under the Administrative Services Agreement in 2019 (2018 - $nil).

(b) On November 21, 2019, the Company closed the purchase by Fax Investments, on a private placement basis, of 26,671,110 multiple voting shares of the Company at a subscription price per share equal to the Offering Price for an aggregate amount of $120,019,995.

Prior to the completion of the Substantial Equity Investment, Fax Investments, had direct or indirect ownership of, or control over, 300,301 multiple voting shares, representing 100% of the issued and outstanding multiple voting shares and 299,247 subordinate voting shares in the capital of the Company, representing approximately 59.95% of the issued and outstanding subordinate voting shares. Following the completion of the Offering and the Substantial Equity Investment (the "Offerings"), Fax Investments has direct or indirect ownership of or control over 26,971,411 multiple voting shares, representing 100% of the voting rights attached to the multiple voting shares and 299,247 subordinate voting shares, representing 1.86% of the voting rights attached to the subordinate voting shares, which represents in aggregate approximately 94.5% of the voting rights attached to the Company's issued and outstanding shares.

The Substantial Equity Investment was completed as a condition precedent of the Company's Offering (see Notes 9 (c) and (d)).

(c) Fax Investments agreed to pay all issue expenses, excluding agents' commissions, incurred by the Company in connection with the Offerings in excess of 1.5% of the gross proceeds of the Offerings. As a result of this commitment, Fax Investments will reimburse the Company $268,231 of excess issue expenses. This amount is included in accounts and other receivables in the Consolidated Statements of Financial Position as at December 31, 2019.

(Presented in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS (Continued)

(d) Fax Investments 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 2019 and, accordingly, Fax Investments was not required to reimburse the Company for excess operating expenses in 2019 (2018 - $nil).

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 year ended December 31, 2019 was $300,833 (2018 - $82,173).

These expenditures were allocated as follows in the consolidated financial statements:

	2019	2018
Director fees	**$ 300,833**	$ 68,740
Compensation (see note 12 (a))	**-**	13,433
	$ 300,833	$ 82,173

13. MANAGEMENT OF CAPITAL

The Company includes the following in its managed capital:

	2019	2018
Multiple voting shares	**$ 122,726,486**	$ 4,000,000
Subordinate voting shares	**61,230,274**	8,948,742
Founder warrants	**4,800,044**	-
Contributed surplus	**-**	417,784
Deficit (Note 9 (b))	**(1,981,840)**	(8,861,440)
	$ 186,774,964	$ 4,505,086

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.

(Presented in Canadian Dollars)

14. 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.

15. 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 $627,861 as of December 31, 2019 (2018 - $11,502), being the value of its interest receivable and a receivable from a related party. Management believes these receivables are a low credit risk. As of December 31, 2018, 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 year.

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, 2018. The Company has working capital of $186,759,068 as of December 31, 2019 (2018 - $4,505,086) 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.

The following is a maturity analysis of financial liabilities based on their contractual maturities:

	Payments due by period			
	Less than 1 year	**1 - 3 years**	**4 - 5 years**	**Total**
December 31, 2019				
Accounts payable and accrued liabilities	**$ 1,974,377**	**$ -**	**$ -**	**$ 1,974,377**
	$ 1,974,377	**$ -**	**$ -**	**$ 1,974,377**
December 31, 2018				
Accounts payable and accrued liabilities	$ 283,031	$ -	$ -	$ 283,031
	$ 283,031	$ -	$ -	$ 283,031

15. FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk (Continued)

The following is a liquidity analysis of the Company's assets:

	Liquidity by period			
	Less than 1 year	**More than 1 year**	**Non-liquid**	**Total**
December 31, 2019				
Cash	**$ 187,991,712**	**$ -**	**$ -**	**$ 187,991,712**
Accounts and other receivables	**627,861**	**-**	**-**	**627,861**
	$ 188,619,573	**$ -**	**$ -**	**$ 188,619,573**
December 31, 2018				
Cash	$ 5,138,740	$ -	$ -	$ 5,138,740
Accounts and other receivables	11,502	-	-	11,502
	$ 5,150,242	$ -	$ -	$ 5,150,242

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. The Company is currently not exposed to equity price risk as it does not have an investment portfolio. There have been no changes in the Company's equity price risk management strategies for the year ended December 31, 2019.

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 for the year ended December 31, 2019.

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 for the year ended December 31, 2019.

16. COMPARATIVE FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2019 consolidated financial statements.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue on March 24, 2020.

18. SUBSEQUENT EVENT

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. Financial markets have experienced significant volatility and equity markets in particular have experienced substantial declines. This has resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on our future financial results.