FAX CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2020

(Presented in Canadian Dollars)
(Unaudited)

CONTENTS

FAX CAPITAL CORP.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2020 AND DECEMBER 31, 2019

(Unaudited)

(In Canadian Dollars)

	June 30 2020	December 31 2019
	$	$
ASSETS		
Cash and cash equivalents	**122,891,679**	187,991,712
Accounts and other receivables (Note 3)	**807,302**	627,861
Prepaid expenses	**53,134**	113,872
Investments, at fair value (Note 4)	**59,620,665**	-
Capital assets (Note 5)	**29,914**	15,896
	183,402,694	188,749,341
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	**636,576**	1,974,377
Income taxes payable	**93,650**	-
	730,226	1,974,377
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	**183,948,488**	183,956,760
Founder Warrants (Note 9)	**4,799,890**	4,800,044
Contributed surplus	**50,348**	-
Deficit	**(6,126,258)**	(1,981,840)
	182,672,468	186,774,964
TOTAL LIABILITES AND SHAREHOLDERS' EQUITY	**183,402,694**	188,749,341

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

FAX CAPITAL CORP.

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2020 AND 2019

(Unaudited)

(In Canadian Dollars)

	Three month period ended June 30		Six month period ended June 30	
	2020	2019	**2020**	2019
	$	$	**$**	$
REVENUES				
Net change in unrealized gain (loss) on investments (Note 4)	**5,604,082**	-	**(3,473,969)**	-
Interest	**338,814**	21,016	**1,257,613**	42,145
Dividends	**191,613**	-	**244,309**	-
	6,134,509	21,016	**(1,972,047)**	42,145
EXPENSES				
Compensation (Note 13)	**533,713**	280,291	**1,053,277**	282,989
Office, general and administration (Note 13)	**216,138**	64,302	**414,067**	118,061
Professional fees	**92,014**	333,862	**254,010**	473,731
Share-based compensation (Note 11)	**58,662**	-	**58,662**	-
Director fees (Note 13)	**52,500**	75,000	**120,833**	150,000
Brokerage fees and commissions	**46,865**	-	**172,633**	-
Depreciation	**3,485**	1,512	**6,917**	1,512
	1,003,377	754,967	**2,080,399**	1,026,293
Income (Loss) Before Taxes	**5,131,132**	(733,951)	**(4,052,446)**	(984,148)
Income tax recovery	**-**	41,821	**-**	235,128
Net Income (Loss) and Comprehensive Income (Loss)	**5,131,132**	(692,130)	**(4,052,446)**	(749,020)
Earnings (Loss) per share (Note 12)				
Basic	**0.12**	(0.87)	**(0.09)**	(0.94)
Diluted	**0.12**	(0.87)	**(0.09)**	(0.94)

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

FAX CAPITAL CORP.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2020 AND 2019

(Unaudited)

(In Canadian Dollars)

	Share Capital					
	Subordinate Voting Shares (Note 7)	Multiple Voting Shares (Note 7)	Founder Warrants (Note 9)	Contributed Surplus (Note 7)	Deficit	Total Shareholders' Equity
	$	$	$	$	$	$
Balance at January 1, 2019	8,948,742	4,000,000	-	417,784	(8,861,440)	4,505,086
Capital reorganization	(8,373,574)	(70,082)	-	(417,784)	8,861,440	-
Net loss	-	-	-	-	(749,020)	(749,020)
Balance at June 30, 2019	575,168	3,929,918	-	-	(749,020)	3,756,066
Balance at January 1, 2020	**61,230,274**	**122,726,486**	**4,800,044**	**-**	**(1,981,840)**	**186,774,964**
Exercise of Founder Warrants	**2,404**	**-**	**(154)**	**-**	**-**	**2,250**
Repurchase and cancellation of shares (Note 8)	**(10,676)**	**-**	**-**	**-**	**1,678**	**(8,998)**
Share based compensation (Note 11 (b))	**-**	**-**	**-**	**50,348**	**-**	**50,348**
Refundable dividend taxes (Note 10)	**-**	**-**	**-**	**-**	**(93,650)**	**(93,650)**
Net loss	**-**	**-**	**-**	**-**	**(4,052,446)**	**(4,052,446)**
Balance at June 30, 2020	**61,222,002**	**122,726,486**	**4,799,890**	**50,348**	**(6,126,258)**	**182,672,468**

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

FAX CAPITAL CORP.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2020 AND 2019

(Unaudited)

(In Canadian Dollars)

	Three month period ended June 30		Six month period ended June 30	
	2020	2019	**2020**	2019
	$	$	**$**	$
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net income (loss)	**5,131,132**	(692,130)	**(4,052,446)**	(749,020)
Adjustments for non-cash items:				
Net change in unrealized (gain) loss on investments	**(5,604,082)**	-	**3,473,969**	-
Share-based compensation	**58,662**	-	**58,662**	-
Depreciation of capital assets	**3,485**	1,512	**6,917**	1,512
Refundable dividend taxes	**(93,650)**	-	**(93,650)**	-
Purchase of securities	**(27,759,283)**	-	**(63,094,634)**	-
Changes in non-cash working capital:				
Accounts and other receivables	**(262,145)**	7,023	**(179,441)**	5,142
Prepaid expenses	**30,369**	1,350	**60,738**	2,700
Accounts payable and accrued liabilities	**(214,492)**	465,534	**(1,346,115)**	279,141
Decrease in due to broker	**(3,794,040)**	-	**-**	-
Income taxes payable	**93,650**	(173,543)	**93,650**	(366,850)
	(32,410,394)	(390,254)	**(65,072,350)**	(827,375)
CASH FLOWS PROVIDED BY INVESTING ACTIVITY				
Purchase of capital assets	**-**	(8,265)	**(20,935)**	(20,890)
	-	(8,265)	**(20,935)**	(20,890)
CASH FLOWS PROVIDED BY FINANCING ACTIVITY				
Proceeds from exercise of Founder Warrants	**-**	-	**2,250**	-
Subordinate Voting Shares purchased for cancellation	**(8,998)**	-	**(8,998)**	-
	(8,998)	-	**(6,748)**	-
Net change in cash and cash equivalents during the period	**(32,419,392)**	(398,519)	**(65,100,033)**	(848,265)
Cash and cash equivalents, beginning of period	**155,311,071**	4,688,994	**187,991,712**	5,138,740
Cash and cash equivalents, end of period	**122,891,679**	4,290,475	**122,891,679**	4,290,475
Cash and cash equivalents is comprised of				
Cash	**22,891,679**	4,290,475	**22,891,679**	4,290,475
Cash equivalents	**100,000,000**	-	**100,000,000**	-
	122,891,679	4,290,475	**122,891,679**	4,290,475
Supplemental Cash Flow Information				
Interest paid	**-**	-	**-**	-
Income taxes paid, net of refunds	**-**	124,839	**-**	124,839

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

FAX CAPITAL CORP.

CONDENSED INTERIM SCHEDULE OF INVESTMENT PORTFOLIO

AS AT JUNE 30, 2020

(In Canadian Dollars)

Description	Number of securities	Cost	Fair Value
		$	$
Public company investments			
Hamilton Thorne Ltd. (i)	15,756,700	18,342,462	18,908,040
Points International Ltd.	853,755	17,067,100	10,492,649
Information Services Corporation	958,067	14,031,072	14,236,876
People Corporation (ii)	1,770,000	13,654,000	15,983,100
		63,094,634	59,620,665

(i) Includes 3,182,000 common shares, purchased under a private placement arrangement, that are subject to a four month hold period from the close date of May 29, 2020.
(ii) Includes 1,260,000 common shares, purchased under a private placement arrangement, that are subject to a four month hold period from the close date of April 17, 2020.

(See accompanying notes to the condensed interim 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. 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and temporary investments consisting of highly liquid investments with short-term maturities. Interest income is recorded on an accrual basis in the Statements of Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional and Presentation Currency

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Founder Warrants

The Company used 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, were 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:

	June 30 2020	December 31 2019
	$	**$**
Interest	**298,139**	359,630
Dividends	**191,613**	-
Due from Fax Investments Inc. (Note 13(b))	**317,550**	268,231
	807,302	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.

Financial instruments classified as level 2 investments are valued based on quoted prices and adjusted for the restrictions on sale, as determined by management.

4. INVESTMENTS (Continued)

The following table includes the disaggregation of unrealized gain (loss) on investments for the three and six month periods ended June 30, 2020:

	Three month period ended June 30		Six month period ended June 30	
	2020	2019	**2020**	2019
	$	$	**$**	$
Unrealized gain (loss) on investments - beginning of period	**(9,078,051)**	-	**-**	-
Unrealized gain (loss) on investments - end of period	**(3,473,969)**	-	**(3,473,969)**	-
Net change in unrealized gain (loss) on investments	**5,604,082**	-	**(3,473,969)**	-

Investments consisted of the following as at June 30, 2020:

Financial assets measured at fair value	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
	$	$	$	$	$
Equities	63,094,634	44,424,465	15,196,200	**-**	59,620,665

Transfers between the three levels of the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. There were no transfers between the three levels of the fair value hierarchy during the second quarter of 2020. The Company did not have any investments at December 31, 2019.

5. CAPITAL ASSETS

The following is a continuity schedule of computer equipment:

	June 30 2020	December 31 2019
	$	$
Cost		
Balance - beginning of period	**20,889**	-
Additions	**20,935**	20,889
Balance - end of period	**41,824**	20,889
Accumulated Amortization		
Balance - beginning of period	**4,993**	-
Depreciation	**6,917**	4,993
Balance - end of period	**11,910**	4,993
Carrying Value	**29,914**	15,896

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	June 30 2020	December 31 2019
	$	$
Accounts payable	**32,349**	494,189
Accrued liabilities	**145,960**	780,188
Short-term employee compensation	**449,953**	700,000
Share-based compensation payable (Note 11 (c))	**8,314**	-
	636,576	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;

(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.

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 9).

(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.

7. SHARE CAPITAL (Continued)

(f) Issued and Outstanding

	Six month period ended June 30, 2020		Year ended December 31, 2019	
	Number	**Amount**	Number	Amount
		$		$
Issued - Multiple voting shares				
Balance - Beginning of period	**26,971,411**	**122,726,486**	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	**26,971,411**	**122,726,486**	26,971,411	122,726,486
Issued - Subordinate voting shares				
Balance - Beginning of period	**16,059,171**	**61,230,274**	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	**500**	**2,404**	-	-
Normal Course Issuer Bid Repurchases	**(2,800)**	**(10,676)**	-	-
Balance - End of period	**16,056,871**	**61,222,002**	16,059,171	61,230,274
Total		**183,948,488**		183,956,760

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. NORMAL COURSE ISSUER BID

The Company commenced a Normal Course Issuer Bid (the “NCIB”) on June 8, 2020 which is effective until the earlier of June 7, 2021 and the date on which the Company has purchased the maximum number of Subordinate Voting Shares permitted under the NCIB. Pursuant to the NCIB, the Company may purchase up to 1,519,037 of its Subordinate Voting Shares, representing 10% of the public float. The price that the Company will pay for any such Subordinate Voting Shares will be the market price of such shares on the TSX, or such alternative trading systems, at the time of acquisition.

In connection with its NCIB, the Company has entered into an Automatic Securities Repurchase Plan which provides standard instructions regarding how the Company’s Subordinate Voting Shares are to be purchased under the NCIB during certain pre-determined trading blackout periods, subject to pre-established parameters. Outside of these pre-determined trading blackout periods, purchases under the Company’s NCIB will be completed based upon management’s discretion and in accordance with the TSX rules.

In the period from the commencement of the NCIB on June 8, 2020 to June 30, 2020, there were 2,800 shares (2019 – nil) purchased at a cost of $8,998. The discount paid to purchase the shares below the stated value was allocated to Deficit.

9. FOUNDER WARRANTS

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

	Six month period ended June 30, 2020		Year ended December 31, 2019	
	Number	**Amount**	Number	Amount
		$		$
Founder Warrants				
Balance - Beginning of period	**15,560,000**	**4,800,044**	-	-
Public offering of units	**-**	**-**	15,560,000	5,134,800
Warrant issuance costs	**-**	**-**	-	(334,756)
Exercised during the period	**(500)**	**(154)**	-	-
Balance - End of period	**15,559,500**	**4,799,890**	15,560,000	4,800,044

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

10. REFUNDABLE TAX ON DIVIDENDS

Dividends received by the Company from Canadian corporations are subject to a special refundable Part IV tax of 38⅓% under the Canadian Income Tax Act. The tax is not imposed if the Company owns more than a 10% interest in the payer, unless the payer was entitled to a refund of tax in respect of the dividend. When the Company pays dividends to its shareholders, the tax is refundable at a rate of 38⅓% of taxable dividends paid. Current and deferred tax consequences on Part IV taxes are recognized in the statement of comprehensive income (loss). The refundable dividend tax on hand as at June 30, 2020 amounts to $93,650 (2019 - $nil).

11. 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 highly 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.

11. LONG-TERM INCENTIVE PLAN (Continued)

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 six month periods ended June 30, 2020 and 2019. 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 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.

During the six month period ended June 30, 2020, the Company issued 223,830 Discretionary RSUs (2019 – nil). The Company recorded share-based compensation expense of $50,348 in the six month period ended June 30, 2020 related to its outstanding Discretionary RSUs (2019 - $nil). As at June 30, 2020, the Company had 223,830 Discretionary RSUs outstanding (December 31, 2019 – nil) and no Elective RSUs outstanding (December 31, 2019 – nil).

11. 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.

During the six month period ended June 30, 2020, the Company issued 2,574 Elective DSUs (2019 – nil). The Company recorded share-based compensation expense of $8,314 in the six month period ended June 30, 2020 (2019 - $nil) related to its outstanding Elective DSUs. The liability related to the Company's Elective DSUs was $8,314 at June 30, 2020 (December 31, 2019 - $nil). As at June 30, 2020, the Company had 2,574 Elective DSUs outstanding (December 31, 2019 – nil) and no Discretionary DSUs outstanding (December 31, 2019 – nil).

(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.

During the six month period ended June 30, 2020, the Company issued 362,756 PSUs (2019 – nil). The PSUs have not met the minimum performance vesting condition, therefore, the Company did not record share-based compensation expense in respect of its outstanding PSUs in the six month period ended June 30, 2020 (2019 - $nil) and the liability related to the Company's PSUs plan was $nil at June 30, 2020 (December 31, 2019 - $nil). As at June 30, 2020, the Company had 362,756 PSUs outstanding (December 31, 2019 – nil).

12. EARNINGS (LOSS) PER SHARE

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

	Three month period ended June 30		Six month period ended June 30	
	2020	2019	**2020**	2019
Net income (loss) available to common shareholders	**$ 5,131,132**	$ (692,130)	**$ (4,052,446)**	$ (749,020)
Weighted average number of common common shares outstanding				
- basic	**43,030,891**	799,472	**43,030,981**	799,472
- diluted	**43,220,285**	799,472	**43,125,678**	799,472
Earnings (Loss) per common share				
Basic	**$ 0.12**	$ (0.87)	**$ (0.09)**	$ (0.94)
Diluted	**$ 0.12**	$ (0.87)	**$ (0.09)**	$ (0.94)

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.

13. 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 is provided access to certain office space and supplies, computers, communication equipment and administrative personnel supplied 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 six month period ended June 30, 2020, Federated Capital charged the Company expenses under the Administrative Services Agreement of $68,698. For the six months ended June 30, 2019, Federated Capital provided management and other administrative support services, including rent, at no cost to the Company.

13. RELATED PARTY TRANSACTIONS (Continued)

(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 $317,550 of excess issue expenses. This amount is included in accounts and other receivables in the Interim Condensed Statements of Financial Position as at June 30, 2020 (December 31, 2019 - $268,231).

(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 six month period ended June 30, 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 six month period ended June 30, 2020 was $278,111 (2019 - $150,000).

These expenditures were allocated as follows in the financial statements:

	Three month period ended June 30		**Six month period ended June 30**	
	2020	2019	**2020**	2019
	$	$	**$**	$
Director fees	**52,500**	75,000	**120,833**	150,000
Compensation (Refer to Note 13 (a))	**78,639**	-	**157,278**	-
	131,139	75,000	**278,111**	150,000

14. MANAGEMENT OF CAPITAL

The Company includes the following in its managed capital:

	June 30 2020	December 31 2019
	$	$
Multiple Voting Shares	**122,726,486**	122,726,486
Subordinate Voting Shares	**61,222,002**	61,230,274
Founder Warrants	**4,799,890**	4,800,044
Contributed surplus	**50,348**	-
Deficit	**(6,126,258)**	(1,981,840)
	182,672,468	186,774,964

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.

15. 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.

16. 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 $807,302 as of June 30, 2020 (June 30, 2019 - $6,360), 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 June 30, 2019, the Company's exposure to credit risk consisted of its interest receivable. There have been no changes to the Company's methods for managing credit risk during the period ended June 30, 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.

16. FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk (Continued)

There have been no changes to management's methods for managing liquidity risk since December 31, 2019. The Company has working capital of $ 123,021,889 as of June 30, 2020 (June 30, 2019 - $3,736,688) 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 within 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 June 30, 2020, had the prices on the respective stock exchanges for those securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately $5,962,067 (December 31, 2019 - $nil) or approximately 3.3% (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.

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.

17. 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.

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board and authorized for issue on August 6, 2020.