

**VALDY INVESTMENTS LTD.**

Condensed Interim Financial Statements

For the six-month period ended June  
30, 2019

(Unaudited)

(Expressed in Canadian Dollars)

## **NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim financial statements of Valdy Investments Ltd. (the "Company") have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of the interim financial statements by an entity's auditor

**VALDY INVESTMENTS LTD.**  
**Condensed Interim Statement of Financial Position**  
(Unaudited)  
(Expressed in Canadian Dollars)

As at	June 30, 2019	December 31, 2018
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	472,952	92,478
<b>TOTAL ASSETS</b>	<b>472,952</b>	<b>92,478</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	3,577	7,500
<b>Total Liabilities</b>	<b>3,577</b>	<b>7,500</b>
<b>EQUITY</b>		
Share capital (Note 3)	548,120	100,000
Equity reserves (Note 3)	75,846	-
Deficit	(154,591)	(15,022)
<b>Total Equity</b>	<b>469,375</b>	<b>84,978</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>472,952</b>	<b>92,478</b>

Nature and continuance of operations (*Note 1*)  
Subsequent event (*Note 7*)

**On behalf of the Board of Directors:**

\_\_\_\_\_  
"Johnny Ciampi"  
Director

\_\_\_\_\_  
"James Decker"  
Director

Approved and authorized by the Board on August 16, 2019.

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

**VALDY INVESTMENTS LTD.**  
**Condensed Interim Statement of Loss and Comprehensive Loss**  
**For the period ended June 30, 2019**  
(Unaudited)  
(Expressed in Canadian Dollars)

	<b>THREE MONTHS ENDED JUNE 30 2019</b>	<b>SIX MONTHS ENDED JUNE 30 2019</b>
	\$	\$
<b>OPERATING EXPENSES</b>		
Professional fees	16,968	52,809
Share-based payment (Note 3)	62,644	62,644
Transfer agent and filing fees	11,932	24,116
<b>Loss and comprehensive loss for the period</b>	<b>(91,544)</b>	<b>(139,569)</b>
<b>Basic and diluted loss per common share</b>	<b>(0.04)</b>	<b>(0.06)</b>
<b>Weighted average number of common shares outstanding</b>	<b>3,505,525</b>	<b>2,204,420</b>

The Company was incorporated on August 22, 2018, no comparative information as at June 30, 2018.

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

**VALDY INVESTMENTS LTD.**  
**Condensed Interim Statement of Changes in Shareholders' Equity**  
(Unaudited)  
(Expressed in Canadian Dollars)

	Share Capital		Equity Reserves		
	Number of Shares outstanding	Amount	Share-based payments	Deficit	Total equity
<b>Balance at August 22, 2018</b>	-	\$ -	\$ -	\$ -	\$ -
Shares issued for private placement	2,000,000	100,000	-	-	100,000
Comprehensive loss for the period	-	-	-	(15,022)	(15,022)
<b>Balance at December 31, 2018</b>	2,000,000	100,000	-	(15,022)	84,978
Shares issued for private placement	5,000,000	500,000	-	-	500,000
Share issuance costs	-	(51,880)	13,202	-	(38,678)
Share-based payment	-	-	62,644	-	62,644
Comprehensive loss for the period	-	-	-	(139,569)	(139,569)
<b>Balance at June 30, 2019</b>	7,000,000	\$ 548,120	\$ 75,846	\$ (154,591)	\$ 469,375

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

**VALDY INVESTMENTS LTD.**  
**Condensed Interim Statement of Cash Flows**  
(Unaudited)  
(Expressed in Canadian Dollars)

For the six-month period ended June 30,	2019
	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Loss for the period	(139,569)
Items not affecting cash:	
Share-based payment	62,644
Changes in non-cash working capital items:	
Accounts payable and accrued liabilities	(3,923)
	<u>(80,849)</u>
Cash used in operating activities	<u>(80,849)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>	
Proceeds from issuance of shares, net of share issuance costs	<u>461,323</u>
Cash provided by financing activity	<u>461,323</u>
<b>Change in cash during the period</b>	<b>380,474</b>
<b>Cash, beginning of period</b>	<b><u>92,478</u></b>
<b>Cash, end of period</b>	<b><u>472,952</u></b>
<b>Cash paid during the period for:</b>	
Interest	-
Taxes	-
<b>Supplemental cash flow information:</b>	
Warrants issued as agent fees	\$ 13,202

The accompanying notes are an integral part of these condensed interim financial statements

**VALDY INVESTMENTS LTD.****Notes to the Condensed Interim Financial Statements**

For the period end June 30, 2019

(Unaudited)

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**1. Nature and Continuance of Operations**

Valdy Investments Ltd. (the "Company") was incorporated under the provincial *Business Corporations Act* (British Columbia) on August 22, 2018 and its registered office is at 4619 West 3<sup>rd</sup> Avenue, Vancouver, BC V6R 1N5. The Company completed its Initial public Offering ("IPO") on May 27, 2019 and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by the exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading. These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and reclassification of assets and liabilities that might be necessary should the Company be unable to continue operates. Management estimates it has sufficient funds to operate for the next twelve months.

**2. Significant Accounting Policies****(a) Statement of Compliance**

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Report Standards and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

**(b) Basis of Presentation**

These condensed interim financial statements have been prepared on the historical cost basis and are presented in Canadian dollars, which is the Company's presentation currency.

**(c) Significant Judgments, Estimates and Assumptions**

The preparation of these condensed interim financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcomes could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The preparation of these financial statements requires management to make judgements regarding the going concern of the Company, as disclosed in Note 1, the valuation of deferred income tax amounts, and calculation of share-based payments. Share-based payments, as measured with respect to stock options granted, are estimated by reference to the Black-Scholes pricing model; a detailed discussion of management's estimates with respect to the pricing model is found in Note 3. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred tax assets.

**VALDY INVESTMENTS LTD.**

**Notes to the Condensed Interim Financial Statements**

For the period end June 30, 2019

(Unaudited)

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**2. Significant Accounting Policies** (continued)

(d) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

(e) Share-based compensation

The Company uses the fair value based method for measuring compensation costs. The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

(f) Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized on temporary differences arising from the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the reporting date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(g) Loss Per Share

Basic loss per share is computed by dividing net earnings (loss) by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In periods where a loss is reported all outstanding options, warrants and other convertible instruments are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

All of the escrow shares are considered contingently returnable until the Company completes a Qualifying Transaction and accordingly, are not considered to be outstanding shares for the purposes of the loss per share calculation.



**VALDY INVESTMENTS LTD.**

**Notes to the Condensed Interim Financial Statements**

For the period end June 30, 2019

(Unaudited)

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**2. Significant Accounting Policies** (continued)

(h) Financial Instruments

The following is the accounting policy for financial assets under IFRS 9:

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

*Financial assets at FVTPL:* Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss.

*Financial assets at FVTOCI:* Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in which they arise.

*Financial assets at amortized cost:* A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date, and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

*Impairment of financial assets at amortized cost:* The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The Company has classified its financial instruments as follows:

- Cash: FVTPL
- Trade payable and accrued liabilities: Amortized cost

## VALDY INVESTMENTS LTD.

### Notes to the Condensed Interim Financial Statements

For the period end June 30, 2019

(Unaudited)

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#### 3. Share Capital

(a) Authorized:

Unlimited Common Shares without par value

Unlimited Preferred Shares without par value

(b) *Issued share capital:*

On September 28, 2018, the Company issued 2,000,000 common shares of the Company at a price of \$0.05 per share for total proceeds of \$100,000.

On January 24, 2019, the Company completed a private placement offering, pursuant to which the Company issued 2,500,000 common shares at \$0.10 per share for total proceeds of \$250,000.

The Company filed a prospectus offering for a minimum of 2,000,000 common shares and a maximum of 4,000,000 common shares at a price of \$0.10 per share (the "Offering") for total estimated proceeds ranging from \$200,000 to \$400,000 (before transaction costs) on May 3, 2019. The Company completed the offering on May 27, 2019 by raising gross proceeds of \$250,000. Leede Jones Gable Inc. (the "Agent") acted as the agent pursuant to an Agency Agreement entered into on May 3, 2019. The Company paid the Agent a commission of \$25,000 equal to 10% of the gross funds raised from the Offering and an administrative fee of \$5,250. The Company also reimbursed the Agent \$6,000 for its legal fees and expenses incurred in connection to the Offering. The Company granted the Agent 250,000 agent's warrants equal to 10% of the common shares sold in connection with the Offering, where each agent's warrant is exercisable into one common share at \$0.10 expiring May 27, 2021. The agent's warrants have been assigned a fair value of \$13,202 or \$0.05 per agent's warrant. The fair value of the agent's warrant was estimated using the Black-Scholes option pricing model assuming a life expectancy of 2 years, a risk-free rate of 1.59%, a forfeiture rate of 0%, and volatility of 100%.

The Company also paid \$8,428 in cash as share issuance costs relating to this Offering.

(c) *Escrow:*

The Company has 2,500,000 common shares subject to an escrow agreement as at June 30, 2019. Whereby 10% of the shares will be released from escrow upon the completion of the qualifying transaction. An additional 15% of the escrowed common shares will be released on each six-month anniversary thereafter unless otherwise permitted by the Exchange. Common shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a qualifying transaction. Escrowed shares may be subject to cancellation if the qualifying transaction is not completed within 24 months from the date of listing.

(d) *Share-based payments:*

Stock Option Plan

The Company has a rolling stock option plan ("the Plan") which is applicable to directors, officers, employees and consultants. Under the Plan, the total outstanding stock options that may be granted are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSX-V. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors.

Common Shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a Qualifying Transaction.

**VALDY INVESTMENTS LTD.****Notes to the Condensed Interim Financial Statements**

For the period end June 30, 2019

(Unaudited)

**3. Share Capital (continued)***(c) Share-based payments:*

As at June 30, 2019, the following stock options were outstanding:

	Number of Stock Options	Weighted Average Exercise Price
Balance, August 22, 2018 and December 31, 2018	-	\$ -
Granted	700,000	0.10
Balance, June 30, 2019	700,000	\$ 0.10

During the period ended June 30, 2019, the Company issued 700,000 stock options with an exercise price of \$0.10 per share, at a fair value of \$62,644. The weighted average fair value per option was \$0.09. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a life expectancy of 10 years, a risk-free rate of 1.59%, a forfeiture rate of 0%, and volatility of 100%.

A summary of the Company's stock options outstanding and exercisable as at June 30, 2019 is as follows:

Expiry Date	Number of Stock Options	Exercise Price	Remaining Life (in years)
May 27, 2029	700,000	\$0.10	9.92
Outstanding and exercisable	700,000		

*(d) Share Purchase Warrants*

As at June 30, 2019, the following stock warrants were outstanding:

	Number of Stock Warrants	Weighted Average Exercise Price
Balance, August 22, 2018 and December 31, 2018	-	\$ -
Granted	250,000	0.10
Balance, June 30, 2019	250,000	\$ 0.10

As at June 30, 2019, the following share purchase warrants were outstanding:

Number of Warrants	Weighted Average Exercise Price	Expiry Date	Remaining Life (in years)
250,000	\$ 0.10	May 27, 2021	1.91

## **VALDY INVESTMENTS LTD.**

### **Notes to the Condensed Interim Financial Statements**

For the period end June 30, 2019

(Unaudited)

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#### **4. Capital Disclosures**

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
- to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period end, except as discussed below.

Until the completion of a Qualifying Transaction, the gross proceeds realized from the sale of all securities may only be used to identify and evaluate assets or businesses for, and obtain shareholders' approval for, a proposed Qualifying Transaction, with the exception that no more than the lesser of 30% of the gross proceeds from the sale of securities issued by a CPC and \$210,000 may be used to cover prescribed costs of issuing securities and administrative and general expenses ("Restricted Use of Proceeds").

#### **5. Financial Instruments**

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash is measured as level 1 input.

**VALDY INVESTMENTS LTD.**

**Notes to the Condensed Interim Financial Statements**

For the period end June 30, 2019

(Unaudited)

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**6. Financial Risk Management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

*Overview*

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to short term nature.

*Credit Risk*

Credit Risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2019, the Company had a cash balance of \$472,952 to pay liabilities of \$3,577.

*Market Risks*

The Company will be subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. For the period ended June 30, 2019, the Company held \$nil financial instruments subject to significant foreign exchange or interest rate risks.