CIC CAPITAL LTD.

Financial Statements

Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

SATURNAGROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITORS' REPORT

To the Shareholders of CIC Capital Ltd.

Opinion

We have audited the financial statements of CIC Capital Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has negative cash flow from operations during the year ended December 31, 2018 and, as of that date, the Company has no assets, a working capital deficit of $2,979,670, and an accumulated deficit of $5,362,842. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Prospectus, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, 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. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.

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 auditors' report is Lonny Wong.

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

July 19, 2019

CIC CAPITAL LTD.
Statements of financial position
(Expressed in Canadian dollars)

	December 31, 2018 $	December 31, 2017 $
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	147,066	337,840
Convertible debt (Note 4)	2,832,604	–
Total current liabilities	2,979,670	337,840
Non-current liabilities		
Convertible debt (Note 4)	–	2,754,963
Total liabilities	2,979,670	3,092,803
Shareholders' deficit		
Share capital	713,932	713,932
Equity portion of convertible debt	1,186,990	1,186,990
Accumulated other comprehensive income	482,250	567,804
Deficit	(5,362,842)	(5,561,529)
Total shareholders' deficit	(2,979,670)	(3,092,803)
Total liabilities and shareholders' deficit	–	–

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on July 19, 2019:

/s/ "Stuart Bromley"
Stuart Bromley, Director

/s/ "Hongguang Li"
Hongguang Li, Director

(The accompanying notes are an integral part of these financial statements)

CIC CAPITAL LTD.
Statements of operations and comprehensive loss
(Expressed in Canadian dollars)

	Year ended December 31, 2018 $	Year ended December 31, 2017 $
Revenue (Note 5)	–	1,392,555
Expenses		
General and administrative	25,949	75,557
Total expenses	25,949	75,557
Income (loss) before other income	(25,949)	1,316,998
Other income		
Write-off of accounts payable	224,636	59,719
Net income for the year	198,687	1,376,717
Other comprehensive income (loss)		
Foreign currency translation loss	(85,554)	(83,698)
Comprehensive income for the year	113,133	1,293,019
Earnings per share, basic and diluted	–	0.03
Weighted average number of shares outstanding	51,712,188	51,043,565

(The accompanying notes are an integral part of these financial statements)

CIC CAPITAL LTD.
Statements of changes in equity
(Expressed in Canadian dollars)

	Share capital		Equity portion of convertible debt	Accumulated other comprehensive income	Deficit	Total shareholders' equity (deficit)
	Number of shares	Amount $	$	$	$	$
Balance, December 31, 2016	51,020,836	–	1,186,990	651,502	(6,938,246)	(5,099,754)
Common shares issued to settle debt	691,352	713,932	–	–	–	713,932
Foreign currency translation loss	–	–	–	(83,698)	–	(83,698)
Net income for the year	–	–	–	–	1,376,717	1,376,717
Balance, December 31, 2017	51,712,188	713,932	1,186,990	567,804	(5,561,529)	(3,092,803)
Foreign currency translation loss	–		–	(85,554)	–	(85,554)
Net income for the year	–	–	–	–	198,687	198,687
Balance, December 31, 2018	51,712,188	713,932	1,186,990	482,250	(5,362,842)	(2,979,670)

(The accompanying notes are an integral part of these financial statements)

CIC CAPITAL LTD.
Statements of cash flows
(Expressed in Canadian dollars)

	Year ended December 31, 2018 $	Year ended December 31, 2017 $
Operating activities		
Net income for the year	198,687	1,376,717
Items not involving cash:		
Revenue earned offset against convertible debt	–	(1,392,555)
Write-off of accounts payable	(224,636)	(59,719)
Changes in non-cash operating working capital:		
Accounts payable and accrued liabilities	17,713	70,402
Net cash used in operating activities	(8,236)	(5,155)
Effect of foreign exchange rate changes on cash	8,236	5,155
Increase in cash	–	–
Cash, beginning of year	–	–
Cash, end of year	–	–
Non-cash investing and financing activities:		
Shares issued to settle accounts payable	713,932	–

(The accompanying notes are an integral part of these financial statements)

1. Nature of Operations and Continuance of Business

CIC Capital Ltd. ("CIC Capital" or the "Company") was incorporated on December 13, 2003 in the Republic of Seychelles ("Seychelles"). On March 26, 2019, the Company continued into British Columbia, Canada and ceased to be a Seychelles company.

The Company provides corporate, financial, technical, strategic, advisory, and consulting services to organizations, including advice on listing client entities on equity markets.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2018, the Company has no assets, a working capital deficit of $2,979,670, and an accumulated deficit of $5,362,842. The continued operations of the Company are dependent on its ability to generate future cash flows from its operations or obtain additional financing. Although management intends to secure additional financing as required, there can be no assurance that management will be successful in its efforts to secure additional financing or that it will ever develop a self-supporting business. These factors may cast significant doubt on the Company`s ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. Significant Accounting Policies

(a) Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board on a going concern basis.

These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

(b) Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 results may differ from these estimates.

Significant areas requiring the use of estimates include the fair value of share-based payments and unrecognized deferred income tax assets.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

2. Significant Accounting Policies (continued)

(c) Foreign Currency Translation

The Company's reporting currency is the Canadian dollar. The functional currency is the British pound. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the statement of financial position date. Non-monetary assets, liabilities and items recorded in the statement of operations arising from transactions denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the statement of operations.

The accounts of the Company are translated to Canadian dollars using the current rate method. Accordingly, assets and liabilities are translated into Canadian dollars at the period-end exchange rate while revenue and expenses are translated at the average exchange rates during the period. Related exchange gains and losses are included in a separate component of shareholders' equity as accumulated other comprehensive income.

(d) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Accounts payable and accrued liabilities	Amortized cost
Convertible debt	Amortized cost

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

2. Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(e) Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

2. Significant Accounting Policies (continued)

(e) Financial Liabilities and Equity Instruments (continued)

Other financial liabilities
Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(f) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period 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, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(g) Revenue Recognition

The Company derives its revenue from the provision of corporate and financial advisory services. Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services.

The Company determines the amount of revenue to be recognized through application of the following steps:

- Identification of the contract, or contracts with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Company satisfied the performance obligations.

2. Significant Accounting Policies (continued)

(h) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

(i) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

(j) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2018, and have not been applied in preparing these financial statements:

New standard, IFRS 16, "Leases"

The Company has not early adopted this new standard and it will not have a material impact on the Company's financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Investment

The Company holds 35,840,000 common shares of CIC Gold Group Limited which it received in 2015 in exchange for advisory services provided which amounted to £519,680. The carrying value of the investment became fully impaired prior to 2017.

4. Convertible Debt

As at December 31, 2018, the amount of $2,832,604 (£1,624,293) (2017 - $2,754,963 (£1,624,293)) is owed to a company controlled by the President of the Company and is convertible into common shares of the Company at a price of £0.06 per share. The amount due is non-interest bearing, unsecured, and due on December 31, 2019.

5. Related Party Transactions

During the year ended December 31, 2018, the Company earned revenue of $nil (2017 - $1,392,555) from a company controlled by the President of the Company. The revenue amount was offset against the convertible debt owing. Refer to Note 4.

6. Share Capital

Authorized: Unlimited common shares without par value

(a) On July 28, 2018, the Company effected a 10-for-1 share consolidation of its issued and outstanding common shares. All share amounts have been retroactively restated for all periods presented.

(b) During the year ended December 31, 2017, the Company issued 691,352 common shares with a fair value of $713,932 to settle $713,932 owed to directors of the Company.

7. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include accounts payable and accrued liabilities, and convertible debt, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(c) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

8. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of share capital and equity portion of convertible debt.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

9. Income Taxes

The tax effect (computed by applying the Seychelles statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2018 $	2017 $
Statutory income tax rate	25%	25%
Income tax recovery at statutory rate	49,672	344,179
Tax effect of:		
Other	2,558	38,052
Change in unrecognized deferred income tax assets	(52,230)	(382,231)
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2018 $	2017 $
Deferred income tax assets		
Non-capital losses carried forward	997,231	1,049,461
Unrecognized deferred income tax assets	(997,231)	(1,049,461)
Net deferred income tax asset	–	–

As at December 31, 2018, the Company has non-capital losses carried forward of $3,988,926.