

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Euro Asia Pay Holdings Inc. (the "Issuer")

Trading Symbol: EAP

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

All related party transactions have been disclosed in the Issuer's financial statements for the period ended December 31, 2020.

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

2. Summary of securities issued and options granted during the period

All securities issued and options granted have been disclosed in the Issuer's financial statements for the period ended December 31, 2020.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

- (b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period

A summary of securities has been provided in the Issuer's financial statements for the period ended December 31, 2020.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name	Position(s) Held
Charles Newton Price	Chief Executive Officer
Mao Sun	Chief Financial Officer
Morris Chen	Chairman, Director
Peter Miles-Mackay	Chief Growth Officer, Director
David Strebinger	Director
Donald Kirkwood	Director
William Ying	Director

SCHEDULE C: MANAGEMENT'S DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: March 1, 2021

Charles Newton Price
Name of Director or Senior Officer

"Charles Newton Price"
Signature

CEO
Official Capacity

Issuer Details

Name of Issuer Euro Asia Pay Holdings Inc.	For Quarter Ended December 31, 2020	Date of Report March 1, 2021
Issuer Address Suite 100, 200 Granville Street		
City/Province/Postal Code Vancouver, BC V6C 1S4	Issuer Fax No. None	Issuer Telephone No. (800) 508-8813
Contact Name Charles Newton Price	Contact Position CEO	Contact Telephone No. (800) 508-8813
Contact Email Address info@euroasiapay.com	Web Site Address www.euroasiapay.com	

SCHEDULE A

Financial Statements

[inserted as following pages]

EURO ASIA PAY HOLDINGS INC.

Condensed Interim Financial Statements

For the three months ended December 31, 2020 and 2019

Expressed in Canadian Dollars

(Unaudited)

EURO ASIA PAY HOLDINGS INC.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	December 31, 2020 \$	September 30, 2020 \$
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	33,271	235,367
Receivables (Note 3)	125,972	83,831
Prepaid expenses	65,566	76,235
Total Current Assets	224,809	395,433
Non-Current Asset		
Equipment (Note 4)	7,587	6,215
TOTAL ASSETS	232,396	401,648
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade payables and accrued liabilities (Note 5, 9)	163,981	129,295
Deferred revenue	67	-
Total Current Liabilities	164,048	129,295
Non-Current Liabilities		
Government loan payable (Note 6)	25,605	25,103
Loan and accrued interest payable (Note 9)	536,675	382,092
Total Non-Current Liabilities	562,280	407,195
Total Liabilities	726,328	536,490
Shareholders' Equity (Deficiency)		
Share capital (Note 7)	5,605,000	5,605,000
Reserve (Note 8, 9)	720,036	676,985
Accumulated deficit	(6,818,968)	(6,416,827)
Total Shareholders' Equity (Deficiency)	(493,932)	(134,842)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	232,396	401,648

Nature and Continuation of Operations (Note 1)

Commitments (Note 10)

Subsequent Events (Note 13)

Approved on behalf of the Board:

*"Morris Chen"**"Donald Kirkwood"*

Morris Chen, Director

Donald Kirkwood, Director

EURO ASIA PAY HOLDINGS INC.

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	For the three months ended December 31, 2020 \$	For the three months ended December 31, 2019 \$
REVENUE	131	-
COST OF REVENUE	69	-
GROSS PROFIT	62	-
OPERATING EXPENSES		
Consulting fees (Note 10)	18,000	18,000
Depreciation (Note 4)	1,661	3,149
General and administrative (Note 9, 10)	183,299	177,286
Marketing	71,419	82,625
Professional fees (Note 10)	42,190	22,500
Research and development (Note 9, 10)	60,277	259,242
Share-based payments (Note 8, 9)	27,686	122,678
Total Operating Expenses	404,532	685,480
OTHER ITEMS		
Interest income	44	2,874
Gain on sale of equipment	2,285	-
NET LOSS AND COMPREHENSIVE LOSS	402,141	(682,606)
BASIC AND DILUTED:		
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	59,611,111	59,611,111
NET LOSS PER COMMON SHARE	\$ (0.01)	\$ (0.01)

EURO ASIA PAY HOLDINGS INC.

Condensed Interim Statement of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Amount \$	Reserve		Accumulated Deficit \$	Total Shareholders' Equity (Deficiency) \$
			Share-Based Payment Reserve \$	Other \$		
Balance – September 30, 2019	59,611,111	5,605,000	278,517	-	(4,418,909)	1,464,608
Share-based payments	-	-	372,517	-	-	372,517
Issuance of below market interest rate debt (Note 9)	-	-	-	25,951	-	25,951
Net loss for the year	-	-	-	-	(1,997,918)	(1,997,918)
Balance – September 30, 2020	59,611,111	5,605,000	651,034	25,951	(6,416,827)	(134,842)
Share-based payments (Note 8)	-	-	27,686	-	-	27,686
Issuance of below market interest rate debt (Note 9)	-	-	-	15,365	-	15,365
Net loss for the year	-	-	-	-	(402,141)	(402,141)
Balance – December 31, 2020	59,611,111	5,605,000	678,720	41,316	(6,818,968)	(493,932)

EURO ASIA PAY HOLDINGS INC.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	For the three months ended December 31, 2020 \$	For the three Months ended December 31, 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(402,141)	(682,606)
Items not affecting cash:		
Depreciation	1,661	3,149
Share-based payments	27,686	122,678
Interest expense	20,450	-
Gain on sale of equipment	(2,285)	-
Changes in non-cash working capital:		
Receivables	(42,141)	16,164
Prepaid expenses	10,669	154,348
Trade payables and accrued liabilities	34,686	(40,972)
Deferred Revenue	67	-
Net cash provided by (used) in operating activities	(351,348)	(427,239)
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of equipment	(3,033)	-
Proceeds from sale of equipment	2,285	-
Net cash used in investing activity	(748)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from government grant	-	-
Proceeds from related party loan	150,000	-
Net cash provided by financing activities	150,000	-
Change in cash	(202,096)	(427,239)
Cash and cash equivalents, beginning	235,367	1,101,114
Cash and cash equivalents, ending	33,271	673,875
Cash and cash equivalents is comprised of:		
Cash	4,521	599,125
Short-term investments	28,750	74,750
	33,271	673,875

EURO ASIA PAY HOLDINGS INC.

Notes to the Condensed Interim Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature and Continuance of Operations

Euro Asia Pay Holdings Inc. (the “Company”) was incorporated under the British Columbia Business Corporations Act on October 16, 2017. The head office and principal place of business of the Company is located at 100 – 200 Granville Street, Vancouver, British Columbia V6C 1S4. The Company is a financial technology company. From inception to December 31, 2020, the Company has concentrated its efforts on research and development and has incurred costs related to the development of a mobile application platform. Subsequent to period end, on February 25, 2021, the Company completed its initial public offering and its common shares trade on the Canadian Securities Exchange under the symbol “EAP”. See Note 13.

These condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. The proposed business of the Company involves a high degree of risk. The Company has not yet generated significant revenue from operations and incurred a net loss of \$402,141 for the three months ending December 31, 2020 and has an accumulated deficit of \$6,818,968 as at December 31, 2020. Furthermore, there is no assurance that the Company will be profitable in the future. The continued operations of the Company are dependent on its ability to generate future cash flows from operations or obtain additional financing. These factors raise significant doubt as to the Company’s ability to continue as a going concern. These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic’s impact on its business, results of operations, financial position and cash flows in the future.

2. Significant Accounting Policies

These condensed interim financial statements have been prepared on the historical cost basis except for certain assets and financial instruments that are measured at their fair values, as explained in the significant accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for assets.

The condensed interim financial statements were authorized for issuance on March 1, 2021 by the directors of the Company.

EURO ASIA PAY HOLDINGS INC.

Notes to the Condensed Interim Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

2. Significant Accounting Policies (continued)

(a) Statement of Compliance with International Financial Reporting Standards

These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, and are based on the principles of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim financial statements should be read in conjunction with the Company’s financial statements for the year ended September 30, 2020 which include the Company’s significant accounting policies and have been prepared in accordance with the same methods of application.

(b) Use of Estimates and Judgments

The preparation of the Company’s condensed interim financial statements in accordance with IFRS requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. 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 and in any future periods affected.

Areas requiring a significant degree of estimation include fair value measurements for financial instruments, useful life of equipment, and estimating the fair value of share-based payment transactions. Areas requiring a significant degree of judgement included evaluation of research and development costs for capitalization, the recoverability and measurement of deferred tax assets and liabilities, and assessment of the Company’s ability to continue as a going concern.

3. Receivables

Receivables consist of the following:

	December 31, 2020	September 30, 2020
	\$	\$
GST	10,321	11,695
Contribution (a)	115,408	72,136
Other	243	-
	125,972	83,831

- (a) On November 27, 2020 the Company entered into an Industrial Research Assistance Program Contribution Agreement with the National Research Council Canada as represented by its Industrial Research Assistance Program (“NRC-IRAP”). The NRC-IRAP agreed to contribute up to a maximum of \$115,408 (the “Contribution”) for salary costs incurred by the Company during the period between June 25, 2020 and December 19, 2020. Contributions received are recorded using the cost reduction method in relation to the applicable costs. Subsequent to December 31, 2020, the Company received the contribution in full.

EURO ASIA PAY HOLDINGS INC.

Notes to the Condensed Interim Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

4. Equipment

A continuity of the Company's equipment is as follows:

	Computer equipment \$
<u>Cost:</u>	
Balance, September 30, 2019	22,714
Additions	4,581
Dispositions	-
Balance, September 30, 2020	27,295
Additions	3,033
Dispositions	(4,143)
Balance, December 31, 2020	26,185
<u>Accumulated Depreciation:</u>	
Balance, September 30, 2019	10,044
Additions	11,036
Dispositions	-
Balance, September 30, 2020	21,080
Additions	1,661
Dispositions	(4,143)
Balance, December 31, 2020	18,598
<u>Carrying Amounts:</u>	
Balance, September 30, 2020	6,215
Balance, December 31, 2020	7,587

5. Trade Payables and Accrued Liabilities

Trade payables and accrued liabilities consists of the following:

	December 31, 2020 \$	September 30, 2020 \$
Trade payables	72,030	50,837
Accrued liabilities	24,581	24,517
Amounts due to related parties (Note 9)	15,105	8,573
Payroll liabilities	50,944	45,084
Prepaid card liability	1,321	284
	163,981	129,295

EURO ASIA PAY HOLDINGS INC.

Notes to the Condensed Interim Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

6. Government Grant and Loan Payable

On May 13, 2020, under the Canada Emergency Business Account (“CEBA”) program, the Company received a \$40,000 loan (the “CEBA Loan”). The CEBA Loan was made available on certain terms and conditions, and in reliance on attestations made by the Company in the loan agreement.

The CEBA Loan is an interest-free loan, available to the Company until December 31, 2020. On January 1, 2021, the CEBA Loan will be converted to a 2-year, 0% interest term loan, to be repaid by December 31, 2022. If the Company repays \$30,000 by December 31, 2022, a balance of \$10,000 will be forgiven. If on December 31, 2022, the Company has not repaid the \$30,000, it may exercise the option for a 3-year term extension and, accordingly, a 5% interest rate will be applied during this extension period on any balance remaining.

The funds from the CEBA Loan may only be used by the Company to pay non-deferrable operating expenses including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.

Upon initial receipt, the Company recorded the CEBA Loan at a fair value of \$24,492, based on a prevailing market rate of 8%. For the three months ended December 31, 2020, the Company recorded \$502 in interest on the CEBA Loan.

7. Share Capital

(a) Authorized

The Company has authorized an unlimited number of common shares.

(b) Issued share capital

The Company did not issue any common shares during the three months ended December 31, 2020 and the year ended September 30, 2020.

(c) Common share purchase warrants

The Company does not have any outstanding share purchase warrants.

(d) Escrowed shares

Pursuant to an escrow agreement dated July 29, 2020, 52,611,111 shares of the Company are held in escrow.

8. Stock Options

Pursuant to the Company’s stock option plan, directors of the Company may, from time to time, authorize the issuance of stock options to directors, officers, employees, and consultants of the Company. The terms of the granted options as well as the vesting conditions are at the sole discretion of the directors.

During the three months ended December 31, 2020, the Company recorded \$27,686 (2019 - \$122,678) in share-based payments related to the vesting of previously granted stock options.

EURO ASIA PAY HOLDINGS INC.

Notes to the Condensed Interim Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

8. Stock Options

	Number of options	Weighted average exercise price
Outstanding, September 30, 2019	1,865,000	\$ 0.18
Granted	2,560,000	0.18
Cancelled	(555,000)	0.18
Outstanding, September 30, 2020	3,870,000	0.18
Granted	-	-
Cancelled	-	-
Outstanding, December 31, 2020	3,870,000	\$ 0.18

Continuity schedule of the incentive stock options is as follows:

Additional information regarding stock options outstanding as at December 31, 2020 is as follows:

Expiry date	Exercise Price	Weighted average remaining contractual life	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
September 30, 2023	\$ 0.18	2.75 years	1,050,000	600,000	450,000
June 26, 2023	0.18	2.49 years	700,000	350,000	350,000
August 23, 2024	0.18	3.65 years	460,000	460,000	-
December 2, 2024	0.18	3.93 years	500,000	500,000	-
February 28, 2025	0.18	4.17 years	60,000	60,000	-
June 26, 2025	0.18	4.49 years	1,100,000	1,100,000	-
	\$ 0.18	3.48 years	3,870,000	3,070,000	800,000

The fair value of options granted was estimated on the date of grant using the Black-Scholes Option Pricing Model assuming no expected dividends and the following assumptions:

	December 31, 2020	December 31, 2019
Expected stock price volatility	-	146%
Risk-free interest rate	-	1.54%
Expected life of options	-	5 Years
Forfeiture rate	-	0%

As of December 31, 2020, 3,070,000 (September 30, 2020 - 2,985,000) of the stock options had vested and therefore are exercisable.

Share-based payment reserve

The share-based payment reserve records items recognized as share-based payment expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

EURO ASIA PAY HOLDINGS INC.

Notes to the Condensed Interim Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

9. Related Party Transactions

(a) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the Company. The key management personnel of the Company are the members of the Company's executive management team and the board of directors. During the three months ended December 31, 2020 and 2019 compensation of key management personnel was as follows:

	December 31, 2020	September 30, 2019
	\$	\$
Short-term benefits	93,625	81,620
Share-based compensation	27,686	106,455
	121,311	188,075

As of December 31, 2020, the Company owes \$10,711 (September 30, 2020 - \$6,998) to key management personnel which is unsecured, non-interest bearing and due on demand.

(b) Transactions with other related parties

During the three months ended December 31, 2020, the Company entered into the following transactions with other related parties:

The Company incurred \$5,985 (2019 - \$13,500) in research and development expense to a company controlled by the Chief Executive Officer of the Company. As of December 31, 2020, the Company owes \$4,394, which is unsecured, non-interest bearing and due on demand.

The Company incurred \$15,000 (2019 - \$nil) in general and administrative expense to a company controlled by the Chief Financial Officer of the Company. As of December 31, 2020, the Company owes \$10,500, which is unsecured, non-interest bearing and due on demand.

The Company incurred \$ nil (2019 - \$151,628) in research and development expense and \$ nil (2019 - \$15,000) in general and administrative expenses to PayWith Worldwide Inc. ("PayWith"). At December 31, 2020 two directors of the Company are key management personnel and directors of PayWith. As of December 31, 2020, the Company owes \$ nil (September 30, 2020 - \$1,575) to PayWith, which is unsecured, non-interest bearing and due on demand.

On August 6, 2020, the Company entered into a loan agreement with a company related to a director of the Company. Under the agreement, the Company received a loan of \$400,000 which is unsecured, interest bearing at a rate of 8% per annum and matures on November 6, 2021. The Company determined that the stated interest rate was below market rates and recorded a discount of \$25,951 using an annual discount rate of 14%. For the three months ended December 31, 2020, the Company has recorded \$13,530 in accrued interest which has been recorded in general and administrative expenses.

On November 13, 2020, the Company entered into a loan agreement with a company related to a director of the Company. Under the agreement, the Company received a loan of \$150,000 which is unsecured, accrues interest at a rate of 8% per annum and had an original maturity date of January 12, 2021 that was subsequently extended to March 31, 2021. The Company determined that the stated interest rate was below market rates and recorded a discount of \$15,365 using an annual discount rate of 14%. For the three months ended December 31, 2020, the Company has recorded \$6,418 in accrued interest which has been recorded in general and administrative expenses.

EURO ASIA PAY HOLDINGS INC.

Notes to the Condensed Interim Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

10. Commitments

Commitments

(a) Platform agreement

On July 19, 2019, the Company entered into a platform agreement (the "Platform Agreement") with PayWith and PayWith Canada Inc., a wholly owned subsidiary of PayWith ("PWC"), pursuant to which PayWith and PWC agreed to license the cloud-based technology platform developed and owned by PayWith to the Company in exchange for the payment of certain fees including a monthly flat fee and a volume-based fee. The monthly flat fee of \$10,000 is tied to the completion of outstanding deliverables from a Professional Services Agreement dated and effective May 15, 2018 and as amended on July 1, 2018. The volume-based fee is based on 15% of gross monthly revenue generated by the Company upon sales of its product and began accruing on August 1, 2019. During the three months ended December 31, 2020, the Company incurred \$ nil (2019 - \$ nil) in monthly flat fees and \$ nil (2019 - \$ nil) in volume-based fees.

(b) Consulting agreements

On November 1, 2017, the Company entered into an agreement with a consultant regarding the provision of legal services. The consultant is to be compensated with a monthly fee of \$6,000. For the three months ended December 31, 2020, the Company recorded \$18,000 (2019 - \$18,000) in professional fees related to this agreement.

On September 1, 2018, the Company entered into an agreement with a consultant regarding the provision of general administrative, office support and organizational services. The consultant is to be compensated with a monthly fee of \$6,000. For the three months ended December 31, 2020, the Company recorded \$18,000 (2019 - \$18,000) in consulting fees related to this agreement.

On June 16, 2020, the Company entered into an agreement with a company controlled by the Chief Financial Officer of the Company regarding the provision of CFO services. The company is to be compensated with a monthly fee of \$5,000. For the three months ended December 31, 2020, the Company recorded \$15,000 (2019 - \$nil) in general and administrative expenses related to this agreement.

11. Management of Capital

The Company's capital structure consists of cash and share capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to external capital requirements.

EURO ASIA PAY HOLDINGS INC.

Notes to the Condensed Interim Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

12. Financial Instruments and Risk Management

(a) Categories of Financial Instruments and Fair Value Measurements

	December 31, 2020 \$	September 30, 2020 \$
Financial Assets		
Cash and cash equivalents	33,271	235,367
Receivables, net of GST	115,651	72,136
Total financial assets	148,922	307,503
	September 30, 2020 \$	September 30, 2019 \$
Financial Liabilities		
Trade payables and due to related parties	139,400	104,778
Total financial liabilities	139,400	104,778

The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of financial instruments at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial instruments recognized at amortized cost in the condensed interim financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

(b) Management of Financial Risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. The Company manages its credit risk relating to cash through the use of a major financial institution which has a high credit quality as determined by rating agencies. The Company assessed credit risk as low.

EURO ASIA PAY HOLDINGS INC.

Notes to the Condensed Interim Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

12. Financial Instruments and Risk Management (continued)

(b) Management of Financial Risks (continued)

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 liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has nominal sources of revenue and has obligations to meet its administrative overheads and to settle amounts payable to its creditors. The Company has been successful in raising equity financing; however, there is no assurance that it will be able to do so in the future. The Company assesses liquidity risk as high.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

Foreign Exchange Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents consist of cash held in bank accounts and redeemable short-term investment certificates. The Company is not exposed to significant interest rate risk.

13. Subsequent Events

On February 25, 2021, the Company completed its initial public offering of 8,376,000 units (each, a "Unit") at a price of \$0.25 per Unit for gross proceeds of \$2,094,000 (the "IPO"). Each Unit consists of one common share of the Company (each, a "Common Share"), and one warrant exercisable into one Common Share at a price of \$0.45 per Common Share until February 25, 2023. The Common Shares trade on the Canadian Securities Exchange under the symbol "EAP".

Pursuant to an agency agreement dated October 27, 2020, Canaccord Genuity Corp. acted as agent (the "Agent") for the IPO. The Agent received a cash commission, a corporate finance fee and reimbursement of its reasonable expenses. The corporate finance fee was settled partially through the payment of cash and partially through the issuance of 330,000 Units at a deemed price of \$0.25 per Unit.

The Company also granted the Agent and its selling group members 390,080 non-transferrable compensation warrants (each, an "Agent's Warrant") equal to 8% of the number of Units sold in the IPO (except in respect of Units sold to subscribers included on the president's list, for which the Agent received that number of Agent's Warrants equal to 4.5% of the number of Units sold to such subscribers). Each Agent's Warrant entitles the holder thereof to purchase one Unit (each, an "Agent's Unit") at a price of \$0.25 per Agent's Unit until February 25, 2023. Each Agent's Unit consists of one Common Share and one warrant exercisable into one Common Share at a price of \$0.45 per Common Share until February 25, 2023.

On February 9, 2021, the Company entered into a loan agreement with a company related to a director of the Company. Under the agreement, the Company received a loan of \$150,000 which is unsecured, accrues interest at a rate of 8% per annum and matures on March 31, 2021.

SCHEDULE B

Supplementary Information

[included in Schedule A]

SCHEDULE C

Management's Discussion & Analysis

[inserted as following pages]

MANAGEMENT'S DISCUSSION AND ANALYSIS

Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars.

This Management Discussion and Analysis (this “**MD&A**”) is dated as of March 1, 2021 and provides an overview of the financial activities of Euro Asia Pay Holdings Inc. (the “**Company**”) for the three months ended December 31, 2020 and 2019. It should be read in conjunction with the Company’s financial statements for the three months ended December 31, 2020 and 2019 including the related notes thereto (the “**Financial Statements**”). The Financial Statements are prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”).

This MD&A contains certain forward-looking information that involves risks and uncertainties, including but not limited to, those described in the “Risk Factors” section. See “Forward-Looking Information” and “Risk Factors” for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those indicated or underlying forward-looking information as a result of various factors, including those described in “Risk Factors” and elsewhere in this MD&A.

Forward Looking Information

Certain information included in this MD&A may constitute forward-looking statements. Statements included in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary from these statements. Forward looking statements are typically identified by the use of words and phrases such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, “possible” and similar words and phrases or statements that events, conditions or results “may”, “could”, “would”, “might”, “will be taken”, “occur” “or be achieved”. In this MD&A, forward looking statements include such statements as:

- that the Company anticipates earning additional revenue in the future and it will incur substantial expenses in the establishment of its business;
- the Company’s belief that future results will depend on factors such as partnering, regulatory regulations, the competitive environment, and the ability to obtain users in different geographical markets;
- that the Company’s growth and future success will be dependent upon its ability to secure funding to develop products, attract talented management and advisors, establish industry relationships, launch and promote its products, and generate sales;
- that the Company anticipates that its cash on hand, coupled with the proceeds from the initial public offering (“**IPO**”), will be sufficient to satisfy the Company’s cash requirements during the next 12 months;
- that the Company will likely operate at a loss until its business becomes established and the Company may require additional financing in order to fund future operations and expansion plans;
- that the Company’s ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success; and
- that if additional financing is required and adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operating.

Forward looking information is based upon a number of assumptions made by the Company in light of experience and perception of historical trends, current conditions, and expected future developments and is subject to a number of known and unknown risks and uncertainties, many of which are beyond the Company’s control, which could cause actual results to differ materially from those that are disclosed in such forward looking information. Readers are cautioned to not put undue reliance on forward-looking information. The forward-looking statements in this MD&A are based on the following assumptions:

- the Company will be able to achieve its business objectives;
- the Company will be successful in completing its IPO; and
- the Company will be successful in obtaining and retaining users for its SideKick product.

The forward looking information contained in this MD&A represents the expectations of the Company as of the date of this MD&A, and the Company does not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Overview

The Company was incorporated in British Columbia on October 16, 2017. The head office and principal place of business of the Company is located at 100 – 200 Granville Street, Vancouver, British Columbia. The Company is developing financial technology payment solutions to provide enhanced financial services to the international student market. From inception to date, the Company has concentrated its efforts on research and development and has incurred costs related to the development of a mobile application platform called SideKick. The Company recently completed a soft launch of its SideKick product.

On February 25, 2021, the Company completed its initial public offering of 8,376,000 units (each, a “**Unit**”) at a price of \$0.25 per Unit for gross proceeds of \$2,094,000. Each Unit consists of one common share of the Company (each, a “**Common Share**”), and one warrant exercisable into one Common Share at a price of \$0.45 per Common Share until February 25, 2023. The Common Shares trade on the Canadian Securities Exchange under the symbol “EAP”.

Pursuant to an agency agreement dated October 27, 2020, Canaccord Genuity Corp. acted as agent (the “**Agent**”) for the IPO. The Agent received a cash commission, a corporate finance fee and reimbursement of its reasonable expenses. The corporate finance fee was settled partially through the payment of cash and partially through the issuance of 330,000 Units at a deemed price of \$0.25 per Unit.

The Company also granted the Agent and its selling group members 390,080 non-transferrable compensation warrants (each, an “**Agent’s Warrant**”) equal to 8% of the number of Units sold in the IPO (except in respect of Units sold to subscribers included on the president’s list, for which the Agent received that number of Agent’s Warrants equal to 4.5% of the number of Units sold to such subscribers). Each Agent’s Warrant entitles the holder thereof to purchase one Unit (each, an “**Agent’s Unit**”) at a price of \$0.25 per Agent’s Unit until February 25, 2023. Each Agent’s Unit consists of one Common Share and one warrant exercisable into one Common Share at a price of \$0.45 per Common Share until February 25, 2023.

Financial Position

The following table presents selected financial information of the Company's operations for the three months ended December 31, 2020 and 2019.

	For the three months ended December 31, 2020 \$	For the three months ended December 31, 2019 \$
REVENUE	131	-
COST OF REVENUE	69	-
GROSS PROFIT	62	-
OPERATING EXPENSES		
Consulting fees	18,000	18,000
Depreciation	1,661	3,149
General and administrative	183,299	177,286
Marketing	71,419	82,625
Professional fees	42,190	22,500
Research and development	60,277	259,242
Share-based payments	27,686	122,678
Total Operating Expenses	404,532	685,480
OTHER ITEMS		
Interest income	44	2,874
Gain on sale of equipment	2,285	-
NET LOSS AND COMPREHENSIVE LOSS	402,141	(682,606)
BASIC AND DILUTED:		
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	59,611,111	59,611,111
NET LOSS PER COMMON SHARE	\$ (0.01)	\$ (0.01)

Since inception, the Company has a limited history of operations, and nominal revenue generation. The Company generates revenue from its SideKick product which began its soft launch in July 2020 and earned total revenues of \$131 during the three months ended December 31, 2020. The Company also generates other miscellaneous income from interest earned on excess cash. The ability to generate future revenue depends on the successful development of the Company's products and ability to attract and retain users for such products. Although the Company anticipates earning additional revenue in the future, it will also incur substantial expenses in the establishment of its business. To the extent that such expenses do not result in revenue gains that are adequate to sustain and expand its business, the Company's long-term viability may be materially and adversely affected.

Operating expenses of \$404,532 and net loss of \$402,141 was incurred during the three months ended December 31, 2020 and these expenses are reflective of an early-stage company, IPO preparedness, technology research and development, and securing funds. The Company's expenses primarily relate to marketing, research and development, professional fees, and consulting fees. Future operating results will depend on many factors, including partnering, regulatory regulations, the competitive environment, and the ability to obtain users in different geographical markets. There can be no assurance that the Company will be able to implement its strategic business plans in the timeframes estimated by management. The Company's growth and future success will be dependent upon its ability to secure funding to develop products, attract talented management and advisors, establish industry relationships, launch and promote its products, and generate sales.

Consulting Fees

The Company engages consultants regularly to obtain expertise in various business areas including but not limited to marketing, technology, finance, and administrative services. For the three months ended December 31, 2020, the Company incurred consulting expenses of \$18,000 (2019 - \$18,000).

Depreciation of Property and Equipment

For the three months ended December 31, 2020, there was \$1,661 (2019 - \$3,149), in expenses related to the depreciation of the Company's tangible assets. This is due to the purchase of computer equipment resulting from the hiring of staff.

General and Administrative

General and administrative expenses primarily consist of rent, office supplies, and administrative salaries. For the three months ended December 31, 2020 the Company incurred general and administrative expenses of \$183,299 (2019 - \$177,286).

Marketing

Marketing expenses are related to the Company's activities in promoting its mobile application. For the three months ended December 31, 2020, the Company incurred marketing expenses of \$71,419 (2019 - \$177,286).

Professional Fees

Professional fees are primarily related to legal, accounting and audit services. For the three months ended December 31, 2020 the Company incurred professional fees of \$42,190 (2019 - \$22,500). The increase in professional fees was driven by continued preparations for the Company's IPO.

Research and Development

Research and development expenses are related to the development of the Company's SideKick product. For the three months ended December 31, 2020 the Company incurred research and development expenses of \$60,277 (2019 - \$259,242). The decrease in research and development expense was primarily driven by a decrease in fees paid to PayWith Worldwide Inc. ("**PayWith**") for development work.

Share-based Payments

Share-based payments are related to the granting of stock options. For the three months ended December 31, 2020 the Company incurred share-based payments of \$27,686 (2019 - \$122,678). The decrease in share-based payments was driven primarily by the granting of 700,000 stock options during the three months ended December 31, 2019 to directors and employees of the Company that vested immediately upon grant while no options were granted in the three months ended December 31, 2020.

Income Taxes

For the three months ended December 31, 2020, the Company had an income tax recovery of \$nil (2019 - \$ nil).

Summary of Quarterly Results

The following table summarizes the Company's quarterly results.

Quarters Ended	Revenue \$	Net loss \$	Basic loss per share \$	Diluted loss per share \$
March 31, 2019	-	484,634	0.01	0.01
June 30, 2019	-	504,694	0.01	0.01
September 30, 2019	-	660,100	0.01	0.01
December 31, 2019	-	682,606	0.01	0.01
March 31, 2020	-	440,355	0.01	0.01
June 30, 2020	-	473,619	0.01	0.01
September 30, 2020	38	401,338	0.01	0.01
December 31, 2020	131	402,141	0.01	0.01

Liquidity and Capital Resources

The following table presents selected financial information of the Company's working capital at December 31, 2020 and September 30, 2020.

	December 31, 2020	September 30, 2020
Cash and cash equivalents	\$ 33,271	\$ 235,367
Receivables	125,972	83,831
Prepaid expenses	65,566	76,235
Total current assets	224,809	395,433
Total current liabilities	(164,048)	(129,295)
Working capital	\$ 60,761	\$ 266,138

As at December 31, 2020, cash balance was \$33,271 and working capital was \$60,761, as compared to cash on hand of \$235,367 and working capital of \$266,138 at September 30, 2020. The Company defines working capital as current assets minus current liabilities. Working capital measures are used to evaluate the performance of the Company's operations and the ability to meet financial obligations. As at December 31, 2020, the Company had current assets of \$224,809 and current liabilities of \$164,048, as compared to \$395,433 in current assets and \$129,295 in current liabilities at September 30, 2020.

As the Company does not generate significant funds from operations, it is primarily reliant upon the sale of equity securities in order to fund operations. Since inception, the Company has funded operations through the issuance of equity securities on a private placement basis. This has permitted the Company to pay for initial development costs for its product, pay consulting fees and address costs associated with the IPO. The Company anticipates that its cash on hand, coupled with the proceeds from the IPO, will be sufficient to satisfy the Company's cash requirements during the next 12 months.

The Company will likely operate at a loss until its business becomes established and the Company may require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuing additional securities from treasury, control may change, and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operating.

Contractual Obligations

There are no material contractual obligations as at December 31, 2020 or the date of this MD&A.

Stock Options

Pursuant to the Company's stock option plan, directors of the Company may, from time to time, authorize the issuance of stock options to directors, officers, employees, and consultants of the Company. The terms of the granted options as well as the vesting conditions are at the sole discretion of the directors.

During the three months ended December 31, 2020, the Company recorded \$27,686 (2019 - \$122,678) in share-based payments related to the vesting of previously granted stock options.

	Number of options	Weighted average exercise price
Outstanding, September 30, 2019	1,865,000	\$ 0.18
Granted	2,560,000	0.18
Cancelled	(555,000)	0.18
Outstanding, September 30, 2020	3,870,000	0.18
Granted	-	-
Cancelled	-	-
Outstanding, December 31, 2020	3,870,000	\$ 0.18

Continuity schedule of the incentive stock options is as follows:

Additional information regarding stock options outstanding as at December 31, 2020 is as follows:

Expiry date	Exercise Price	Weighted average remaining contractual life	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
September 30, 2023	\$ 0.18	2.75 years	1,050,000	600,000	450,000
June 26, 2023	0.18	2.49 years	700,000	350,000	350,000
August 23, 2024	0.18	3.65 years	460,000	460,000	-
December 2, 2024	0.18	3.93 years	500,000	500,000	-
February 28, 2025	0.18	4.17 years	60,000	60,000	-
June 26, 2025	0.18	4.49 years	1,100,000	1,100,000	-
	\$ 0.18	3.48 years	3,870,000	3,070,000	800,000

As of December 31, 2020, 3,070,000 (September 30, 2020 - 2,985,000) of the stock options had vested and therefore are exercisable.

Outstanding Security Data

As of December 31, 2020, and the date of this MD&A, the Company's authorized capital consists of an unlimited number of common shares without par value, of which 59,611,111 were issued and outstanding. Pursuant to an escrow agreement dated July 29, 2020, 52,611,111 shares of the Company are held in escrow.

Transactions with Related Parties

(a) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the Company. The key management personnel of the Company are the members of the Company's executive management team and the board of directors. During the three months ended December 31, 2020 and 2019 compensation of key management personnel was as follows:

	December 31, 2020	September 30, 2019
	\$	\$
Short-term benefits	93,625	81,620
Share-based compensation	27,686	106,455
	121,311	188,075

As of December 31, 2020, the Company owes \$10,711 (September 30, 2020 - \$6,998) to key management personnel which is unsecured, non-interest bearing and due on demand.

(b) Transactions with other related parties

During the three months ended December 31, 2020, the Company entered into the following transactions with other related parties:

- i. The Company incurred \$5,985 (2019 - \$13,500) in research and development expense to a company controlled by the Chief Executive Officer of the Company. As of December 31, 2020, the Company owes \$4,394, which is unsecured, non-interest bearing and due on demand.
- ii. The Company incurred \$15,000 (2019 - \$nil) in general and administrative expenses to a company controlled by the Chief Financial Officer of the Company. As of December 31, 2020, the Company owes \$10,500, which is unsecured, non-interest bearing and due on demand.
- iii. The Company incurred \$ nil (2019 - \$151,628) in research and development expense and \$nil (2019 - \$15,000) in general and administrative expenses to PayWith. At December 31, 2020 two directors of the Company are key management personnel and directors of PayWith. As of December 31, 2020, the Company owes \$nil (September 30, 2020 - \$1,575) to PayWith, which is unsecured, non-interest bearing and due on demand.
- iv. On August 6, 2020, the Company entered into a loan agreement with a company related to a director of the Company. Under the agreement, the Company received a loan of \$400,000 which is unsecured, interest bearing at a rate of 8% per annum and matures on November 6, 2021. The Company determined that the stated interest rate was below market rates and recorded a discount of \$25,951 using an annual discount rate of 14%. For the three months ended December 31, 2020, the Company has recorded \$13,530 in accrued interest which has been recorded in general and administrative expenses.

- v. On November 13, 2020, the Company entered into a loan agreement with a company related to a director of the Company. Under the agreement, the Company received a loan of \$150,000 which is unsecured, accrues interest at a rate of 8% per annum and had an original maturity date of January 12, 2021 that was subsequently extended to March 31, 2021. The Company determined that the stated interest rate was below market rates and recorded a discount of \$15,365 using an annual discount rate of 14%. For the three months ended December 31, 2020, the Company has recorded \$6,418 in accrued interest which has been recorded in general and administrative expenses.

Off-Balance Sheet Arrangements

The Company does not currently have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future adverse effect on its financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Subsequent Events

- a) On February 25, 2021, the Company completed its initial public offering of 8,376,000 Units at a price of \$0.25 per Unit for gross proceeds of \$2,094,000. Each Unit consists of one Common Share and one warrant exercisable into one Common Share at a price of \$0.45 per Common Share until February 25, 2023.

Pursuant to an agency agreement dated October 27, 2020, Canaccord Genuity Corp. acted as the Agent for the IPO. The Agent received a cash commission, a corporate finance fee and reimbursement of its reasonable expenses. The corporate finance fee was settled partially through the payment of cash and partially through the issuance of 330,000 Units at a deemed price of \$0.25 per Unit.

The Company also granted the Agent and its selling group members 390,080 Agent's Warrants. Each Agent's Warrant entitles the holder thereof to purchase one Agent's Unit at a price of \$0.25 per Agent's Unit until February 25, 2023. Each Agent's Unit consists of one Common Share and one warrant exercisable into one Common Share at a price of \$0.45 per Common Share until February 25, 2023.

- b) On February 9, 2021, the Company entered into a loan agreement with a company related to a director of the Company. Under the agreement, the Company received a loan of \$150,000 which is unsecured, accrues interest at a rate of 8% per annum and matures on March 31, 2021.

Risk Factors

The Company's financial instruments are exposed to a variety of financial risks, which periodically include credit risk, liquidity risk, market risk, foreign exchange risk and interest rate risk which could impact results of operations and financial position.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents. The Company manages its credit risk relating to cash and cash equivalents through the use of a major financial institution which has a high credit quality as determined by rating agencies. The Company assesses credit risk as low.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has nominal sources of revenue and has obligations to meet its administrative overheads and to settle amounts payable to its creditors. The Company has been successful in raising

equity financing; however, there is no assurance that it will be able to do so in the future. The Company assesses liquidity risk as high.

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents consist of cash held in bank accounts and redeemable short-term investment certificates. The Company is not exposed to significant interest rate risk.

Financial Risk Management

Financial instruments are measured at fair value on the statement of financial position and are summarized into the following fair value hierarchy levels: Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has exposure to credit risk, liquidity risk, and market risk. The significant financial risk management policies of the Company are described in the Financial Statements.

Critical Accounting Policies, Estimates and Judgments

The preparation of financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant accounting policies of the Company are described in the Financial Statements. These critical judgments, estimates and assumptions in applying the Company's accounting policies could result in a material effect on actual results.

Accounting Standards Issued but Not Yet Effective

The Company did not elect to adopt early any new IFRS standards or amendments to IFRS standards which have effective dates in future fiscal years.

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.