GCC GLOBAL CAPITAL CORPORATION

(formerly CWN Mining Acquisition Corporation)

MANAGEMENT'S DISCUSSION AND ANANYSIS

FOR THE YEAR ENDED JUNE 30, 2019

(Expressed in Canadian dollars unless otherwise stated)

October 28, 2019

The following management discussion and analysis ("**MD&A**") of the results of the operations and financial position of GCC Global Capital Corporation (the "**Company**") prepared as of October 28, 2019 should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2019 which are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All figures contained in this MD&A are presented in Canadian dollars unless otherwise stated. These statements and additional information relating to the Company are available for viewing at www.sedar.com.

Forward Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or others.

Description and Overview of Business

The Company was incorporated under the *Canada Business Corporations Act* on May 10, 2012 and carried on business until January 8, 2015 as a Capital Pool Company in accordance with Policy 2.4 of the TSX Venture Exchange (the "**Exchange**"). The Company completed its initial public offering of 2,000,000 common shares at a price of $0.10 per common share for gross proceeds of $200,000 on December 20, 2012.

On April 24, 2017, the Company announced that it is proposing a change of business from a Tier 2 Mining Issuer to a Tier 2 Investment Issuer (the "Proposed COB") within the meaning of such terms in the policies of the Exchange. The Management and Board of the Company believe that the ideal allocation of the Company's working capital would be within the framework of an investment company. On January 2, 2018, the Exchange issued the Final Exchange Bulletin approving the Proposed COB. At the request of the Exchange, the Company has undertaken to complete a second investment within 6 months of the date of the Finance Exchange Bulletin; on July 25, 2018, the Company received the Exchange's approval for the second investment.

On January 2, 2018, the Company announced that it has closed the acquisition of a 28.57% interest in the issuance and outstanding shares of New Age Development Ltd (the "New Age Investment"). The New Age Investment constituted a change of business of the Company from a Tier 2 Mining Issuer to a Tier 2 Investment Issuer under the new trading symbol "GCCC" on the Exchange. And the Company changed its name to GCC Global Capital Corporation on January 2, 2018.

The Company's investment objectives are:

a) to seek a high return on investment opportunities in any industry with a focus primarily in the natural resources sector, real estate industry and high-tech industry; and

b) to limit downside risk while achieving a reasonable rate of return by focusing on opportunities with attractive risk to reward profiles.

Change in the Board of Directors and Management

On October 17, 2018, Mr. Michael G. Wang resigned as director of the Company; and at the Annual General Meeting of the Company held on December 31, 2018, Ms. Qianying Zhou was elected as director of the Company.

Investment in Associate

The Company has entered into a purchase and subscription agreement (the "New Age Agreement" or "Transaction") dated April 21, 2017 and has closed the Transaction on January 2, 2018, wherein the Company acquired 1,000,000 common shares of New Age (the "New Age Shares") from the sole shareholder of New Age, Hong Kong Shing Chi City Holdings Ltd. ("HK Shing Chi"), at $1.00 per New Age Share. In addition, pursuant to the New Age Agreement, the Company would also subscribe for an additional 100,000 New Age Shares, at $1.00 per New Age Share, to provide New Age with cash and working capital. Following the completion of the Transaction on January 3, 2018, the Company holds 1,100,000 New Age Shares out of a total of 3,850,000 New Age Shares, representing 28.57% of the issued and outstanding capital of New Age. The Company has also appointed one director of New Age and concludes that there is significant influence over the entity. The investment in associated is recorded using the equity method.

New Age Development Ltd. ("New Age") is a private company incorporated under the Alberta Business Corporations Act on January 20, 2017. New Age's sole assets are the land and improvements located at 4401 Macleod Trail, Calgary, Alberta, which comprise of 35,884 square feet of land and a 939 square feet vacant log structure (the "Property"). New Age acquired the Property on March 31, 2017 for an aggregate purchase price of $3,750,000 in cash.

The Company intends to explore the development opportunities for the Property with HK Shing Chi. Current plans are to explore the development of a mixed use commercial and residential 8 story building on the Property. The Company and HK Shing Chi may also elect to hold their investment in New Age and the Property for long term capital gains.

The Company's share of income in the investment is $7,731 which represents 28.57% of the net comprehensive income of New Age from July 1, 2018 to June 30, 2019.

Investment in associate is composed of:

	New Age
	$
Balance, July 1, 2017	-
Acquisition of New Age Shares	1,100,000
Share of net loss	(13,667)
Dividend received	-
Balance, June 30, 2018	1,086,333
Share of net income	7,731
Dividend received	-
Balance, June 30, 2019	1,094,064

The financial information of New Age as of June 30, 2019 are presented as follows:

- Statement of financial position as at June 30, 2018 and June 30, 2019

	30-Jun-19	30-Jun-18
	$	$
Current assets	33,103	18,883
Non-current assets	4,125,000	3,950,000
Current liabilities	308,849	146,690
Total liabilities and shareholder's equity	4,158,103	3,968,883

- Statement of Income(loss) and comprehensive loss for the period from January 2, 2018 to June 30, 2018, and the fiscal year from July 1, 2018 to June 30, 2019

	Year ended June 30, 2019	January 2, 2018 to June 30, 2018
	$	$
Rental revenue	17,667	12,550
Net Income (Loss)	27,060	(47,836)

<u>Loan from Jiu Fa Investments Ltd.</u>

On February 19, 2019, the Company entered into a loan agreement (the "Loan Agreement") to borrow up to a maximum amount of $1,000,000 (the "Loan") from Jiu Fa Investments Ltd. (the "Lender", or "Jiu Fa"). The principal amount of the Loan under the Loan Agreement bears an interest rate of 12.0% per annum, calculated semi-annually, and the Loan matures on the earlier of: (i) February 28, 2021; or (ii) the date that Metath Investment Co., Ltd. ceases to own, or have control or direction over, common shares of the

Company ("Common Shares") representing at least 20% of the issued and outstanding Common Shares.

The Lender has provided an initial advance to the Company under the Loan Agreement in the aggregate amount of $50,000. Further amounts may be advanced during the term of the Loan in such amounts and at such times as agreed to by the Lender and the Company, up to the maximum amount of the Loan. Amounts outstanding under the Loan will be represented by a grid promissory note issued by the Company in favor of the Lender.

The Company intends to use the proceeds of the Loan to fund its operations and for general and administrative expenses.

Mr. Huijun Wang, a director and the Chief Executive Officer of the Company, is also the President of the Lender. Accordingly, the Loan is considered a related party transaction.

Summary of advances from Jiu Fa and interest incurred as of June 30, 2019:

Date	Principal $
February 5, 2019	50,000
March 15, 2019	50,000
March 27, 2019	33,901
April 11, 2019	50,000
May 2, 2019	1,500
May 17, 2019	50,000
June 28, 2019	50,000
Interest accrued	7,258
Total	**292,659**

Subsequent to June 30, 2019, the Company advanced $80,000 pursuant to the above-mentioned loan agreement.

Overall Performance

As at June 30, 2019, the Company has total assets of $1,254,309 (June 30, 2018: $1,775,572), including cash and cash equivalents of $40,727 (June 30, 2018: $510,339), accounts and other receivables of $39,841 (June 30, 2018: $47,292), prepaid of $23,240 which includes $nil long-term prepaid (June 30, 2018: $44,158 which includes $33,553 long-term prepaid for the Leasehold Improvement), property and equipment of $56,437 (June 30, 2018: $87,450). The Company has $45,368 of accounts payable and accrued liabilities and $20,926 of due to related parties (June 30, 2018: $47,561 and $13,137, respectively), Investment in associate of $1,094,064 (June 30, 2018: $1,086,333) and long-term liabilities $292,659 (June 30, 2018: $nil). The Company's working capital at June 30, 2018 was $37,514 (June 30, 2018: $507,538).

Selected Financial Information

a) Annual Information

The following is a summary of the financial data of the Company for the years ended June 30, 2019, June 30, 2018 and June 30, 2017:

	June 30, 2019	**June 30, 2018**	**June 30, 2017**
	$	$	$
Total revenues	Nil	Nil	Nil
Net loss and comprehensive loss	(819,518)	(1,063,015)	(635,473)
Net loss per share, basic and diluted	(0.07)	(0.08)	(0.05)
Total assets	1,254,309	1,775,572	2,803,948

b) Annual Results of Operations

During the year ended June 30, 2019, the Company incurred a loss of $819,518 (2018: $1,063,015). The following provides the variance analysis:

1) Accounting and legal fees of $17,120 (2018: $72,375), larger amount in fiscal year 2018 was due to the additional legal fee in relation to the change of business;
2) Audit fee of $46,335 (2018: $31,620), the increase in fiscal year 2019 was due to additional audit fee $13,125 for fiscal year 2018 in relation to the investment in New Age Development Ltd;
3) Consulting fee of $23,400 (2018: $49,210), the decrease in fiscal year 2019 was due to less consulting work;
4) Depreciation expenses of $15,520 (2018: $12,539), the increase in fiscal year 2019 was due to some properties were purchased in the middle of fiscal year 2018;
5) Director fee of $11,000 (2018: $12,000), there is no material difference for the two years;
6) Filing fee of $23,043 (2018: $18,866), the increase in fiscal year 2019 was due to the investigation of TSX Venture Exchange for the appointment of foreign director;
7) General and administrative expenses $86,940 (2018: $91,961), larger amount for fiscal year 2018 was due to more expenses for office supplies when the company moved into the new office;
8) Investor relations of $nil (2018: $3,419); there was no investor relations related activities in fiscal year 2019;
9) Rent of $153,342 (2018: $103,683), the increase in fiscal year 2019 was due to penalty for the early termination of office lease contract;
10) Share of (Income)Loss from investment in associate of ($7,731) (2018: $13,667), the income in fiscal year 2019 was due to the appreciation of the investment property owned by the investee;
11) Travel of $14,750 (2018: $27,613), the decrease in fiscal year 2019 was due to less travel to potential projects and meetings related to the projects;
12) Wages and salaries of $445,823 (2018: $518,442), the decrease in fiscal year 2019 was due to less employees being hired compared to fiscal year 2018;
13) Interest income of $2,751 (2018: $1,468), the increase in fiscal year 2019 was due to more

14) Management fee income of $48,000 (2018: $24,000), the increase in fiscal year 2019 was due to more months of management services provided to related parties;
15) Realized loss on short-term investments of $24,432 (2018: $675), the increase in fiscal year was due to larger decrease of the investment assets' market value.
16) Write-off of exploration and evaluation asset of $nil (2018: $132,413), the write-off in fiscal year 2018 was due to the Company's decision not to exercise the option right of Top Project following the completion of change of business of the Company;
17) Write-off of leasehold improvement of $16,296 (2018: $nil), the write-off in fiscal year 2019 was due to early termination of office lease contract.

c) Fourth Quarter Results of Operations

The net loss for the three months ended June 30, 2019, was $102,750 compared to a net loss of $253,208 for the fourth quarter ended June 30, 2018, for a difference of $150,458. The significant variances in expenses for the three months ended June 30, 2019 compared to the three months ended June 30, 2018 include the following:

1) Accounting and legal fees of $2,849 (2018: $9,809), the decrease in the 2019 period was due to less legal services required;
2) Audit fee of $9,000 ($2018: $18,000), larger amount of audit fee for 2018 period was due to additional audit fee for the audit services related to the investment in New Age Development Ltd accrued in the period;
3) Consulting fee of $3,700 (2018: $8,300), larger amount of consulting fee in the 2018 period was due to additional consulting services related to the change of business;
4) Depreciation expense of $443 (2018: $4,185), the decrease in the 2019 period was due to the adjustment to the depreciation amount booked in previous quarters in fiscal year 2019;
5) Director fee of $ 1,000 (2018: $4,000), the decrease in the 2019 period was due to the reduction of director fee and less board meeting or execution of board resolutions;
6) Filing fees of $1,071 (2018: $(217)), the balance in the 2018 period was due to the adjustment to the accrual for pervious period in fiscal year 2018;
7) General and administrative expenses $24,062 (2018: $24,675), there was no material difference for the two periods;
8) Rent expenses of $11,604 (2018: $31,160), the decrease in the 2019 period was due to the early termination of office lease agreement;
9) Share of (Income)loss from investment in associate of $(43,217) (2018: $13,667), the income in the 2019 period was due to the appreciation of the investment property owned by the investee;
10) Travel expenses of $1,006 (2018: $7,890), the decrease in the 2019 period was due to less travel in the period;

11) Wages and salaries of $103,986 (2018: $147,502), the decrease in the 2019 period was due to less employees being hired compared to the 2018 period;
12) Interest income of $751 (2018: $1764), there is no material difference for the two periods;
13) Management fee of $12,000 (2018: $15,000), larger amount in the 2018 period was due to $3,000 management fee for previous period in fiscal year was booked in this period.

d) Quarterly Results

The following table sets out a summary of the results of the Company for the periods noted:

	June 30, 2019	**March 31, 2019**	**December 31, 2018**	**September 30, 2018**
Net loss and comprehensive loss for the period	102,750	258,179	210,402	248,188
Loss per share-basic and diluted	(0.01)	(0.02)	(0.02)	(0.02)
Total assets	1,254,309	1,189,971	1,328,529	1,537,279
Total liabilities	358,953	191,866	72,245	70,593
Total shareholders' equity	895,356	998,105	1,256,284	1,466,686

	June 30, 2018	**March 31, 2018**	**December 31, 2017**	**September 30, 2017**
Net loss and comprehensive loss for the period	253,208	208,428	399,146	202,230
Loss per share-basic and diluted	(0.02)	(0.02)	(0.03)	(0.01)
Total assets	1,775,572	2,008,783	2,231,383	2,655,391
Total liabilities	60,698	40,701	54,872	79,732
Total shareholders' equity	1,714,874	1,968,085	2,176,513	2,575,659

Liquidity & Capital Resources

As of June 30, 2019, the Company had cash and cash equivalents of $40,727 (June 30, 2018: $510,339), accounts and other receivables of $39,841 (June 30, 2018: $47,292), prepaid of $23,240, which includes $nil long-term prepaid, (June 30, 2018: $44,158, which includes $33,553 long-term prepaid for the leasehold improvement). The Company has $66,294 in current liabilities, including $20,926 of due to related parties (June 30, 2018: $60,698, including $13,137 of due to related parties) and $292,659 long-term liabilities (June 30, 2018: $nil). The Company's working capital was $37,514 (June 30, 2018: $507,538).

Cash flows used in operating activities was $754,211 (2018: $852,366) for the fiscal year ended June 30, 2019.

The Company has withdrawn $nil (2018: $1,013,988) from the short-term investments during fiscal year ended June 30, 2019 and spent $802 (2018: $99,989) for leasehold improvement, and property and equipment for the new office. The Company also spent

$nil (2018: $1,100,000) on its New Age investment.

The cash flow generated from financing activities in the fiscal year ended June 30, 2019 is $285,401 (2018: $nil) which was loan from Jiu Fa Investments Ltd.

The Company's working capital will be primarily used in operations and to pursue potential investments.

At June 30, 2019, the Company had working capital of $40,727 but had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the year ended June 30, 2019, the Company reported a comprehensive loss of $819,518 and as at June 30, 2019, had an accumulated deficit of $3,376,399. The Company has not generated revenues from operations. The Company is dependent on its ability to secure continued support from the related parties, obtain equity financings, or to ultimately attain profitable operations in the future, to carry out its business activities. Based on its current plans, budgeted expenditures, and cash requirements, the Company should be able to finance sufficient funds to finance its current plans for at least 12 months from June 30, 2019. There is no assurance that the Company will be able to obtain adequate financing in the future.

Contractual Obligations – New office lease

The Company entered in an agreement for a new office lease starting on July 1, 2019 with maturity date on December 31, 2020; the gross rent is $2,700 plus applicable tax per month. The total lease payments for the years ending June 30, 2020 and 2021 are the following:

	Lease Commitments
	$
2020	32,400
2021	16,200
Total:	**48,600**

Outstanding Share Data

The Company is authorized to issue unlimited number of common shares without nominal or par value of which, 12,527,200 common shares were issued and outstanding as of June 30, 2019 and as of the date of this MD&A.

Upon closing of the Company's initial public offering on December 20, 2012, the Company granted 125,000 incentive stock options to the directors and officers of the Company. The options were granted with an exercise price of $0.10 per common share and are exercisable for a period of ten years from the date of the grant. All stock options were fully vested on the date of grant.

The following table reflects the outstanding and exercisable stock options as at June 30, 2019 and as of the date of this MD&A:

As at:	Number of outstanding	Weighted Average Exercise Price	Expiry Date
June 30, 2019	75,000	$0.10	December 20, 2022

Escrow Shares

Subject to an Escrow Agreement pursuant to the requirements of the TSX Venture Exchange, the 9,701,500 common shares held by Metath Investments Co., Ltd ("Metath") prior to the completion of the Company's Change of Business are held in escrow. Under the Escrow Agreement, 10% of the escrowed shares will be released on January 2, 2018 when the Final Exchange Bulletin was issued (the Exchange's acceptance of the Change of Business application) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. As at June 30, 2019, 5,820,900 common shares are held in escrow. On July 3, 2019, 1,455,225 shares of Metath which is 15% of 9,701,500 shares of Metath was released. As at October 28, 2019, 4,365,675 common shares are held in escrow.

Related Party Transactions

During the years ended June 30, 2019 and 2018, the Company entered into the following transactions with related parties:

	Year ended June 30	
	2019	**2018**
	$	$
Paid or Accrued directors' fee	11,000	12,000
Paid salaries to the key management personnel	290,900	388,658
Paid or accrued consulting fees to a director (Rick Low)	15,200	17,863
Paid or accrued consulting fees to an officer (Andrew Liu)	-	17,263
Total	**317,100**	**435,784**

As at June 30, 2019, the amount due to the above related parties is $20,926 (2018: $13,137), which is included in the accounts payable balance.

As at June 30, 2019, the Company advanced $2,000 (2018: $2,500) to management. The advances are included in the prepaid balance.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related party.

In addition to the related party transactions noted above, the Company reimbursed all these related parties for out-of-pocket direct costs incurred on behalf of the Company. Such costs include travel, postage, courier charges, printing and telephone charges.

During the year ended June 30, 2019, the Company provided consulting services to related parties and received management fees totaling $48,000 (2018: $24,000).

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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 Company's financial instruments include cash and cash equivalents, short term investments, accounts and other receivables (excluding GST receivables), due to related parties and accounts payable and accrued liabilities. The carrying amounts of cash and cash equivalents, short term investments, accounts and other receivables (excluding GST receivables), due to related parties, and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these instruments.

The fair value of cash and cash equivalents and short-term investments are based on level 1 inputs of the fair value hierarchy.

Financial risk management objectives and policies

a) Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

b) 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 credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through investing its cash and short-term investments with high credit quality financial institutions.

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 ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently invested in business accounts with high-credit quality financial institutions which are available on demand by the Company for its programs. As at June 30, 2019, the Company had cash and cash equivalents balance and short-term investments of $40,727 (June 30, 2018: $510,339), accounts and other receivables (excluding GST receivables) of 38,392 (June 30, 2018: $46,667) and current liabilities of $66,294 (June 30, 2018: $60,698).

d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at June 30, 2019, the Company had short term investments of $nil.

e) Interest Rate Risk

The Company is subject to interest rate risk with respect to its investments in cash. The Company's current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity, while achieving a satisfactory return for shareholders. The Company's interest income is subject to bank deposit interest rates. During the nine months ended June 30, 2019, the Company earned $2,751 of interest income from loans which is based on the interest rate in the loan agreement. And the deposit at the bank in saving accounts is below $1 million which is the minimum requirement to be qualified for interest income, the fluctuation in bank interest rates would not affect interest income.

f) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company manages its capital structure through the preparation of operating budgets, which are approved by the Board of Directors. There were no changes in the Company's approach to capital management during the period. The Company does not have any externally imposed capital requirements or external covenants to which it is subject to.

Significant Accounting Judgements and Estimates

Significant assumptions about the future and key sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Critical accounting judgments

i) Going concern

Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the year ended June 30, 2019. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

ii) Investment in associate

The Company uses judgment in its assessment of whether the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, including but not limited to, the ability to exercise significant influence through board representation, material transactions with the investee, provision of technical information, and the interchange of managerial personnel. Whether an investment is classified as an investment in associate can have a significant impact on the entries made on and after acquisition.

b) Critical accounting estimates

i) Property and equipment

The Company measures the property owned by the investee at fair value in accordance with IAS 40, Investment Property. The fair value of property and equipment recognized is calculated using estimates and assumptions based on market values when available. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its expected useful life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the income statement.

The useful lives and residual values of the subject assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

ii) Current and deferred taxes

Accounting for income taxes is a complex process requiring management to interpret frequently changing laws and regulations and make judgments relating to the application of tax law, the estimated timing of temporary difference reversals, and the estimated realization of tax assets. All tax filings are subject to subsequent government audits and potential reassessment. These interpretations, judgments and changes related to them impact current and deferred tax provisions, deferred income tax assets and liabilities and results of operations.

<u>New accounting standards adopted during the year</u>

The following are standards that the Company adopted in the year ended June 30, 2019 and the impact they have the Company's financial position and results of operations:

i) IFRS 15 - Revenue from Contracts with Customers

On May 28, 2014, the IASB issued IFRS 15 that provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 is effective for fiscal years beginning on or after January 1, 2018. The adoption of this standard did not have a any impact on the Company's financial position as at June 30, 2019 and results of operations for the year ended June 30, 2019.

ii) IFRS 9 - Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The table below summarizes the classification and carrying amount changes upon transition from IAS 39 to IFRS as at July 1, 2018.

	Original under IAS 39		New under IFRS 9	
	Classification	Carrying Amount $	Classification	Carrying Amount $
Cash and cash equivalents	FVTPL	510,339	Amortized cost	510,339
Accounts and other receivables (excluding GST receivable)	Loans and receivables	47,292	Amortized cost	47,292
Accounts payable and accrued liabilities	Other financial liabilities	47,561	Amortized cost	47,561
Due to related parties	Other financial liabilities	13,137	Amortized cost	13,137
Long-term loan	Other financial liabilities	292,659	Amortized cost	292,659

As the standard permits on transition to IFRS 9, the Company has not restated prior periods with respect to the new amortized cost measurement for financial assets and impairment requirements. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit.

New Accounting Pronouncements

Standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below and include only those which the Company reasonably expects may be applicable to the Company at a future date. The Company intends to adopt these standards and interpretations when they become effective.

i) IFRS 16 - Leases

On January 13, 2016, the IASB published a new standard, IFRS 16 - Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Under the new standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses). The standard is effective for annual periods beginning after January 1, 2019, and interim periods thereafter. Early adoption is permitted. On the effective date, the Company expects to adopt this standard to account for the lease of its leased office premises, which is currently accounted for as an operating lease. The Company has not early adopted this revised standard and it will not have a material impact on the Company's consolidated financial statements.

Subsequent events

Subsequent to June 30, 2019, the Company advanced $80,000 pursuant to the loan agreement entered with Jiu Fa Investments Ltd.

The Company entered in an agreement for a new office lease starting on July 1, 2019 with maturity date on December 31, 2020; the gross rent is $2,700 plus applicable tax per month.