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# REX

## REX OPPORTUNITY CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2021

(Expressed in Canadian Dollars)

(UNAUDITED)

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# REX OPPORTUNITY CORP.

Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)  
(Unaudited)

As at	September 30, 2021	March 31, 2021
<b>Assets</b>		
Current assets		
Cash	\$ 95,195	\$ 6,781
Amounts receivable	24,071	56,485
<b>Total Assets</b>	<b>\$ 119,266</b>	<b>\$ 63,266</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Trade accounts payable and accrued liabilities (note 7)	\$ 153,375	\$ 53,525
Accrued compensation (note 7)	147,139	854,952
Due to related parties (note 7)	25,000	169,861
<b>Total current liabilities</b>	<b>325,514</b>	<b>1,078,338</b>
Non-current liabilities		
Accrued compensation (notes 4 and 7)	954,379	-
Due to related parties (note 7)	381,501	-
<b>Total Liabilities</b>	<b>1,661,394</b>	<b>1,078,338</b>
<b>Shareholders' deficiency</b>		
Share capital (note 5)	926,492	861,724
Warrant reserve (note 5)	246,042	218,810
Contributed surplus (note 5)	1,136,167	689,293
Units to be issued (note 5)	43,380	43,380
Deficit	(3,894,209)	(2,828,279)
<b>Total shareholders' deficiency</b>	<b>(1,542,128)</b>	<b>(1,015,072)</b>
<b>Total Liabilities and Shareholders' Deficiency</b>	<b>\$ 119,266</b>	<b>\$ 63,266</b>

Nature of operations and going concern (note 1)  
Commitments and contingencies (note 9)

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Approved on behalf of the Board of Directors:

Director: (s) "Jim Boyle"

Director: (s) "Dave Guebert"

# REX OPPORTUNITY CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)  
(Unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2021	2020	2021	2020
<b>Operating expenses</b>				
General and administrative (note 7)	\$ 467,042	\$ 587,370	\$ 953,026	\$ 880,600
Share-based payments (notes 5 and 7)	-	402,727	63,800	402,727
Accretion expense (notes 4 and 7)	49,104	-	49,104	-
<b>Net loss and comprehensive loss for the period</b>	\$ (516,146)	\$ (990,097)	\$ (1,065,930)	\$ (1,283,327)
<b>Basic and diluted loss per share</b>	\$ (0.00)	\$ (0.02)	\$ (0.02)	\$ (0.01)
<b>Weighted average number of shares outstanding - basic and diluted</b>	59,237,351	54,591,225	59,235,189	53,870,017

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

# REX OPPORTUNITY CORP.

## Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars)

(Unaudited)

	Shares outstanding	Share capital	Contributed surplus	Warrant reserve	Units to be issued	Deficit	Total
Balance, March 31, 2020	53,072,203	\$ 94,337,680	\$ -	\$ -	\$ -	\$ (94,362,241)	\$ 59,212,790
Shares and warrants issued for cash, net of issuance costs	2,075,000	321,425	-	80,000	-	-	401,425
Share-based compensation	-	-	402,727	-	-	-	402,727
Increase of consideration for previously issued shares	-	86,250	-	-	-	-	86,250
Net loss for the period	-	-	-	-	-	(1,283,327)	(1,283,327)
Balance, September 30, 2020	55,147,203	\$ 94,745,355	\$ 402,727	\$ 80,000	\$ -	\$ (95,645,568)	\$ 58,819,865
Balance, March 31, 2021	59,233,003	\$ 861,724	\$ 689,293	\$ 218,810	\$ 43,380	\$ (2,828,279)	\$ (1,015,072)
Shares and warrants issued in private placement	400,000	70,400	-	29,600	-	-	100,000
Share issuance costs	-	(5,632)	-	(2,368)	-	-	(8,000)
Equity portion of non-current liabilities (note 4)	-	-	383,074	-	-	-	383,074
Share-based payments	-	-	63,800	-	-	-	63,800
Net loss for the period	-	-	-	-	-	(1,065,930)	(1,065,930)
Balance, September 30, 2021	59,633,003	\$ 926,492	\$ 1,136,167	\$ 246,042	\$ 43,380	\$ (3,894,209)	\$ (1,542,128)

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

# REX OPPORTUNITY CORP.

Condensed Interim Consolidated Statements of Cash Flows  
(Expressed in Canadian Dollars)  
(Unaudited)

Six months ended September 30,	2021	2020
<b>Operating Activities</b>		
Net loss for the period	\$ (1,065,930)	\$ (1,283,327)
Items not affecting cash:		
Share-based payments	63,800	402,727
Accretion	49,104	-
Changes in non-cash operating working capital:		
Amounts receivables	32,414	(22,262)
Trade accounts payable and accrued liabilities	144,269	615,658
Accrued compensation	485,161	-
Due to related parties	287,596	-
<b>Cash provided by (used in) operating activities</b>	<b>(3,586)</b>	<b>(287,204)</b>
<b>Financing Activities</b>		
Proceeds from unit issuance	100,000	415,000
Transaction costs on unit issuance	(8,000)	(13,575)
<b>Cash provided by financing activities</b>	<b>92,000</b>	<b>401,425</b>
<b>Change in cash and cash equivalents during the period</b>	<b>88,414</b>	<b>114,221</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>6,781</b>	<b>8,428</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 95,195</b>	<b>\$ 122,649</b>

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

# REX OPPORTUNITY CORP.

## Notes to Condensed Interim Consolidated Financial Statements Three and Six Months Ended September 30, 2021 and 2020 (Expressed in Canadian Dollars) (Unaudited)

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### 1. Nature of operations

Rex Opportunity Corp. (the "Company" or "Rex") is a corporation continued into the Province of Ontario from the Yukon Territory in 2011. Rex is a reporting issuer in the provinces of Manitoba, Ontario and Québec. On September 29, 2011, the Company filed Articles of Continuance in Ontario. The address of the Company's registered office is 25 Adelaide Street East, Suite 1900, Toronto, Ontario M5C 3A1.

These unaudited condensed interim consolidated financial statements of the Company for the period ended September 30, 2021 were approved and authorized for issue by the Board of Directors on November 24, 2021.

As at September 30, 2021, the Company had a working capital deficiency of \$206,248 and an accumulated deficit of \$3,894,209. The Company's ability to continue operations is dependent on management's ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurances that it will be able to do so in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and discharge of liabilities in the normal course of business. The Company was an inactive issuer with no ongoing operations seeking new business opportunities. The Company is implementing a business strategy to invest in content creators and influencers primarily by acquisition of channel revenue royalties. The Company has limited working capital and is dependent on securing financing to execute on the business strategy.

These unaudited condensed interim consolidated financial statements do not include any adjustments to the classification of certain liabilities that might be necessary, if the Company were unable to continue as a going concern. Such adjustments could be material.

### 2. Basis of preparation

#### Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations issued by the IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 24, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended March 31, 2021. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending March 31, 2022 could result in restatement of these unaudited condensed interim financial statements.

#### Basis of measurement

These financial statements are prepared on the historical cost basis. In addition, these financial statements are prepared using the accrual basis of accounting except for cash flow information. The Company uses the Canadian dollar for both its functional and presentation currencies.

# REX OPPORTUNITY CORP.

## Notes to Condensed Interim Consolidated Financial Statements Three and Six Months Ended September 30, 2021 and 2020 (Expressed in Canadian Dollars) (Unaudited)

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### 3. Summary of significant accounting policies

#### Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates, and these differences could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgment used in the preparation of the financial statements are described in the most recent annual financial statements as at and for the year ended March 31, 2021 other than the discount rate used in accrued compensation (note 4) and amounts due to related parties (note 7).

#### Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after April 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

The Company is in the process of evaluating the impact of these new standards on its consolidated financial statements.

### 4. Accrued compensation and due to related party

On September 30, 2021, the Chief Executive Officer ("CEO"), the Chief Investment Officer ("CIO") (note 7) and two vice presidents of the Company agreed to deferred their accrued compensation to 12 months and one day after written demand for payment is made. No interest is payable on these deferred amounts. IFRS requires that if an interest rate is below a market rate of interest for a similar loan, estimated at 25%, there is deemed to be a benefit which is recorded in equity. The amount of the benefit is recognized over the estimated term of the accrued compensation as an accretion expense. The Company has discounted a total accrued compensation of \$1,192,974 to its current value of \$954,379 using an effective interest rate of 25%. The difference between current value and undiscounted amount was recorded in contributed surplus. The accretion on the non-current accrued compensation will be accounted for as a shareholder contribution until such time that the repayment is requested by the Lender. During the three and six months ended September 30, 2021, the Company recorded \$49,104 accretion expense relating to the deferred compensation in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

# REX OPPORTUNITY CORP.

## Notes to Condensed Interim Consolidated Financial Statements Three and Six Months Ended September 30, 2021 and 2020 (Expressed in Canadian Dollars) (Unaudited)

### 4. Accrued compensation and due to related party (continued)

On September 30, 2021, certain directors of the Company and two vendors of the Company agreed to defer their accrued director fees and accounts payable to 12 months and one day after written demand for payment is made and one director agreed to defer his accrued director fees to April 23, 2023. No interest is payable on these deferred amounts. IFRS requires that if an interest rate is below a market rate of interest for a similar loan, estimated at 25%, there is deemed to be a benefit which is recorded in equity. The amount of the benefit is recognized over the estimated term of the accrued liabilities as an accretion expense. The Company has discounted total accrued liabilities of \$476,876 to its current value of \$381,501 using an effective interest rate of 25%. The difference between current value and undiscounted amount was recorded in contributed surplus. The accretion on the non-current accrued liabilities will be accounted for as a shareholder contribution until such time that the repayment is requested by the Lender.

### 5. Share capital

#### Authorized

Unlimited number of common shares with no par value.

Unlimited number of Class A shares. Class A Shares are specifically to be issued to creators for the acquisition of interests in content, on an ongoing basis, from time to time. Class A Shares shall be automatically converted into common shares on a one-for-one basis immediately upon issue.

Common shares issued:	Shares	Amount
<b>Balance, March 31, 2020</b>	<b>53,072,203</b>	<b>\$ 94,337,680</b>
Shares issued (i)	2,075,000	321,425
Increase of consideration for previously issued shares	-	86,250
<b>Balance, September 30, 2020</b>	<b>55,147,203</b>	<b>\$ 94,745,355</b>
<b>Balance, March 31, 2021</b>	<b>59,233,003</b>	<b>\$ 861,724</b>
Shares issued in private placement (ii)	400,000	70,400
Share issuance costs (ii)	-	(5,632)
<b>Balance, September 30, 2021</b>	<b>59,633,003</b>	<b>\$ 926,492</b>

(i) On June 26, 2020, Rex closed a non-brokered private placement financing of 1,250,000 units at \$0.20 per unit for gross proceeds of \$250,000. Each unit consists of one common share and one warrant, each warrant exercisable at \$0.35 for 2 years. Officers and director subscribed for 350,000 units for gross proceeds of \$70,000. On August 31, 2020, Rex closed a non-brokered private placement financing of 825,000 units at \$0.20 per unit for gross proceeds of \$165,000. Each unit consists of one common share and one warrant, each warrant exercisable at \$0.35 for 2 years.

On September 30, 2020, \$86,250 of compensation liability was extinguished by increasing the consideration of 8,625,028 common shares issued in February 2020 from \$0.01 to \$0.02.

(ii) On September 29, 2021, the Company closed a non-brokered private placement ("Offering") of 400,000 Units at a price of \$0.25 per Unit for aggregate gross proceeds of \$100,000. Each Unit consists of one (1) common share of REX and one (1) common share purchase warrant with each whole warrant exercisable to purchase one common share of REX at an exercise price of \$0.45 for a period of two years from the date REX's common shares are listed for trading on a recognized Canadian stock exchange, subject to accelerated expiry in the event the common shares trade at a 5-day VWAP at or above \$0.60. The fair value of the warrants was estimated at \$29,600. Key assumptions used in valuing the warrants using the Black-Scholes option pricing model were stock price of \$0.18, risk-free interest rate of 0.53%, expected life of 2.09 years, expected dividend yield of 0% and expected volatility of 112% based on historical trading data of comparable digital media companies. In connection with the Offering, the Corporation paid an aggregate cash finder's fee of \$8,000, of which \$2,368 was allocated to warrants and \$5,632 was allocated to share capital.



# REX OPPORTUNITY CORP.

Notes to Condensed Interim Consolidated Financial Statements  
Three and Six Months Ended September 30, 2021 and 2020  
(Expressed in Canadian Dollars)  
(Unaudited)

## 5. Share capital (continued)

### Warrants:

The following is a summary of warrants outstanding, along with the corresponding values:

	Number of warrants	Weighted average exercise price (\$)
Balance, March 31, 2020	-	\$ -
Issued	2,075,000	0.35
Balance, September 30, 2020	2,075,000	0.35
Balance, March 31, 2021	5,670,401	\$ 0.36
Issued	400,000	0.45
Balance, September 30, 2021	6,070,401	\$ 0.37

Warrants outstanding as at September 30, 2021:

Expiry date	Warrants outstanding	Exercise price (\$)	Grant date fair value per warrant (\$)	Remaining contractual life (years)
(i)	2,125,000	0.35	0.02	2.08
(i)	1,575,000	0.35	0.02	2.08
(i)	390,401	0.50	0.07	2.08
(i)	1,480,000	0.35	0.08	2.08
(i)	100,000	0.50	0.06	2.08
(i)	400,000	0.45	0.07	2.08
	6,070,401			

The weighted average exercise price and weighted average life are \$0.37 and 2.08 years, respectively.

(i) the expiry date of the warrant is two years from the date of listing on a recognized Canadian stock exchange.

### Stock options:

On July 10, 2020, the Company discontinued its old stock option plan and established a new stock option plan (2020 Stock Option Plan). On October 16, 2020, the 2020 Stock Option Plan was approved by the shareholders. Rex granted an aggregate of 6,445,000 stock options to directors, officers, employees, and consultants of the Company, pursuant to the 2020 Stock Option Plan, of which 555,000 expired as at September 28, 2021. These options vest as per the vesting schedules approved by the shareholders and are exercisable for five years, at an exercise price equal to the average pre-listing financing share price. Estimated expenses of \$nil and \$63,800, respectively were recorded for the three and six months ended September 30, 2021 (three and six months ended September 30, 2020 - \$Nil) for these options.

# REX OPPORTUNITY CORP.

Notes to Condensed Interim Consolidated Financial Statements  
Three and Six Months Ended September 30, 2021 and 2020  
(Expressed in Canadian Dollars)  
(Unaudited)

## 5. Share capital (continued)

### Stock options (continued):

The movement in the Company's share options for the periods ended September 30, 2021 and 2020 are as follows:

	Number of stock options outstanding	Weighted average exercise price \$
Balance, March 31, 2020	-	-
Granted	4,195,000	(i)
Balance, September 30, 2020	4,195,000	(i)
Balance, March 31, 2021	5,465,000	(i)
Granted	425,000	(i)
Expired	(555,000)	(i)
Balance, September 30, 2021	5,335,000	(i)

Stock options outstanding as at September 30, 2021:

Expiry date	Options outstanding	Options exercisable	Exercise price (\$)	Remaining contractual life (years)	Vesting terms
July 10, 2025	3,855,000	3,855,000	(i)	3.78	(ii)
December 1, 2025	530,000	530,000	(i)	4.17	(ii)
January 4, 2026	25,000	25,000	(i)	4.27	(ii)
March 17, 2026	500,000	500,000	(i)	4.46	(ii)
April 5, 2026	150,000	100,000	(i)	4.52	(iii)
May 28, 2026	275,000	275,000	(i)	4.66	(ii)
	5,335,000	5,285,000			

(i) average pre-listing financing issue prices – estimated to be \$0.18 at June 30, 2021

(ii) All options granted have vested.

(iii) 100,000 of these options vested upon grant and the remaining 50,000 options shall vest on October 5, 2021.

Key weighted average assumptions used in valuing the options granted during the six months ended September 30, 2021 using the Black-Scholes option pricing model were exercise price of \$0.18, stock price of \$0.21, risk-free interest rate of 0.95%, expected life of 5 years, expected dividend yield of 0% and expected volatility of 94% based on historical trading data of comparable digital media companies.

# REX OPPORTUNITY CORP.

Notes to Condensed Interim Consolidated Financial Statements  
Three and Six Months Ended September 30, 2021 and 2020  
(Expressed in Canadian Dollars)  
(Unaudited)

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## 6. Financial instruments

### Fair Value:

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the reporting date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying values of the Company's short-term financial instruments, comprising cash, amounts receivable, trade accounts payable and accrued liabilities, accrued compensation, and due to related parties approximate their fair values due to their limited term.

Cash and amounts receivable are measured at amortized cost. Trade accounts payable and accrued liabilities, accrued compensation and due to related parties are measured at amortized cost.

### Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

At September 30, 2021, the Company had a cash and cash equivalents balance of \$95,195 to settle current liabilities of \$325,514. All of the Company's financial liabilities other than non-current accrued compensation have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company intends to finance future requirements from share issuances, the exercise of options and/or warrants, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

The following table shows the maturity date of the Company's financial liabilities as at September 30, 2021:

	Total	Less than 1 year	1 to 2 years	Maturity
Trade accounts payable and accrued liabilities	\$ 153,375	\$ 153,375	\$ -	N/A
Due to related parties (i)	501,876	25,000	476,876	(ii)
Accrued compensation (i)	1,340,113	147,139	1,192,974	(ii)

(i) Presented on a non-discounted basis.

(ii) Due 12 months and one day after receipt of written demand for payment.

### Sensitivity

The valuation of non-current accrued compensation is subject to the effective interest rate used in its discounted cash flow valuation. A 1% increase or decrease of the effective interest rate would decrease or increase the non-current liabilities by approximately \$11,000.

# REX OPPORTUNITY CORP.

## Notes to Condensed Interim Consolidated Financial Statements Three and Six Months Ended September 30, 2021 and 2020 (Expressed in Canadian Dollars) (Unaudited)

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### 7. Related party transactions

For the three and six months ended September 30, 2021, the Company incurred legal fees of \$4,819 and \$14,522, respectively, included in general and administrative expenses (three and six months ended September 30, 2020 - \$44,721 and \$85,727, respectively) payable to a law firm who is one of the major shareholders with 39.9% holdings of Rex, of which a director and former director of the Company are partners. Included in amounts payable and other liabilities as at September 30, 2021 is \$84,452 (March 31, 2021 - \$62,747) owing to this law firm, which was discounted to \$67,561 and was included in non-current due to related parties on the unaudited condensed interim consolidated statements of financial position. The deferred amount will become payable 12 months after written request for payment.

Rex entered into an outsourcing agreement with a company controlled by a director effective from March 1, 2020. As per the terms of the contract, the related company will provide:

- Office facilities, staff and business supplies and services to Rex Opportunity Corp.
- Rex shall pay the company for provision of office facilities, personnel, staff and business supplies and services at market rates on cost recovery plus 15% overhead fee basis.

Expenses of \$117,724 and \$257,804, respectively, which include management fees, salaries (paid on behalf of Rex), consulting fees, office and other expenses was recorded during the three and six months ended September 30, 2021 (three and six months ended September 30, 2020 - \$103,817 and \$158,250, respectively), with respect to this outsourcing agreement. At the end of September 30, 2021, the amounts payable outstanding with respect to this outsourcing agreement was \$267,424 (March 31, 2021 - \$32,114), which was discounted to \$213,939 and was included in non-current due to related parties on the unaudited condensed interim consolidated statements of financial position. The deferred amount will become payable 12 months after written request for payment.

During the three and six months ended September 30, 2021, the Company incurred fees of \$12,206 related to services of Carmelo Marrelli to act as the Chief Financial Officer ("CFO") of the Company. Carmelo Marrelli is the Managing Director of Marrelli Support Services Inc. ("MSSI"). Services were incurred for bookkeeping, accounting and CFO services. As at September 30, 2021, MSSI was owed \$13,426 (March 31, 2021 - \$nil) and this amount was included in accounts payable and accrued liabilities. This amount is unsecured and non-interest bearing.

For the three and six months ended September 30, 2021, the CEO earned \$50,000 (three and six months ended September 30, 2020 - \$50,000) per month. Payment is deferred until 12 months after written request for payment upon which the deferred amount will be payable. Expenses of \$150,000 and \$300,000, respectively have been recorded for the three and six months ended September 30, 2021 (three and six months ended September 30, 2020 - \$150,000 and \$300,000 respectively). During the year ended March 31, 2021, \$86,250 of this liability was assigned to one of the major shareholders, which was then extinguished by increasing the consideration paid for the 8,625,028 shares this shareholder received in February 2020 from \$0.01 to \$0.02. A remaining liability of \$813,750 as at September 30, 2021 (March 31, 2021 - \$513,750) has been recorded for the CEO's accrued compensation which was discounted to \$651,000 and was included in non-current accrued compensation on the unaudited condensed interim consolidated statements of financial position. See Note 9. During the three and six months ended September 30, 2021, \$33,460 accretion expense was recorded for the CEO's accrued compensation in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

An expense of \$nil has been recorded for the three and six months ended September 30, 2021 (three and six months ended September 30, 2020 - \$36,000 and \$72,000, respectively) for the former Chief Operating Officer ("COO") of the Company who resigned on December 4, 2020 and the Company has redistributed his duties and responsibilities such that no replacement is required. Payment is 75% deferred until Rex is listed. An accrued compensation liability of \$72,000 as at September 30, 2021 (March 31, 2021 - \$72,000) has been recorded. See Note 9.

# REX OPPORTUNITY CORP.

## Notes to Condensed Interim Consolidated Financial Statements Three and Six Months Ended September 30, 2021 and 2020 (Expressed in Canadian Dollars) (Unaudited)

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### 7. Related party transactions (continued)

For the three and six months ended September 30, 2021, the CIO earned \$14,585 per month (three and six months ended September 30, 2020 - \$12,000). Payment is 75% deferred for the portion relating to July 2020 to March 2021 and 65% deferred henceforth until Rex is listed. The deferred amount will become payable 12 months after written request for payment. Expenses of \$28,478 and \$56,876, respectively, have been recorded for the three and six months ended September 30, 2021, (three and six months ended September 30, 2020 - \$36,000). An accrued compensation liability of \$153,514 (March 31, 2021 - \$96,600) has been recorded as at September 30, 2021 which was discounted to \$122,811 and was included in non-current accrued compensation on the unaudited condensed interim consolidated statements of financial position. See Note 9. During the three and six months ended September 30, 2021, \$6,305 accretion expense was recorded for the CIO's accrued compensation in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

During the three and six months ended September 30, 2021, the Company recorded director fees of \$37,500 and \$75,000, respectively (three and six months ended September 30, 2020 - \$31,250). As at September 30, 2021, accrued director fees of \$150,000 (March 31, 2021 - \$75,000) have been recorded which were discounted to \$120,000 and were included in non-current due to related parties on the unaudited condensed interim consolidated statements of financial position.

As at September 30, 2021, the directors, certain former directors, and officers of the Company collectively controlled 39,882,950 common shares or approximately 66.88% (March 31, 2021 - 39,882,950 common shares or approximately 67.3%) of the total common shares outstanding. To the knowledge of directors and officers of the Company, the remainder of the Company's outstanding common shares are widely held. These holdings can change at any time at the discretion of the owner.

During the three and six months ended September 30, 2021, the Company recorded \$nil and \$41,300, respectively (three and six months ended September 30, 2020 - \$nil) stock-based compensation for management of the Company.

See Notes 4 and 9.

### 8. Loss per share

The calculation of basic loss per share for the three and six months ended September 30, 2021 was based on total loss attributable to common shareholders of \$516,146 and \$1,065,930, respectively (three and six months ended September 30, 2020 - \$990,097 and \$1,283,327, respectively) and a weighted average number of common shares outstanding of 59,237,351 and 59,235,189, respectively (three and six months ended September 30, 2020 - 54,591,225 and 53,870,017, respectively).

Diluted loss per share equals basic loss per share as all outstanding options and warrants were anti-dilutive for all periods presented.

### 9. Commitments and contingencies

#### Executive Employment and Consulting Agreements

The Company has entered into certain employment and consulting agreements that can be terminated by either party providing not less than 3 months' notice. The total non-cancellable commitments of the Company related to these agreements is approximately \$193,755.

The CEO and CIO are entitled to receive two annual bonuses, separately calculated as:

- their base fee times the increase in the Rex share price; and
- their base fee times the increase in Rex revenue.

# REX OPPORTUNITY CORP.

Notes to Condensed Interim Consolidated Financial Statements  
Three and Six Months Ended September 30, 2021 and 2020  
(Expressed in Canadian Dollars)  
(Unaudited)

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## 9. Commitments and contingencies (continued)

In addition, the CEO and CIO are entitled to a bonus upon the sale or merger of the Company equal to an aggregate of 6% of the aggregate consideration paid to Rex or Rex's shareholders. As the triggering event has not taken place, the contingent payment has not been reflected in these financial statements.

The former CFO was entitled to a bonus upon the sale or merger of the Company equal to an aggregate of 1% of the aggregate consideration paid to Rex or Rex's shareholders. As the triggering event has not taken place, the contingent payment has not been reflected in these financial statements. The former CFO resigned on May 28, 2021.

Pursuant to a consulting agreement between the Company, MSSI and Carmelo Marrelli, Carmelo Marrelli was appointed as CFO on May 5, 2021 with effect as of May 28, 2021 (the "Effective Date"), Carmelo Marrelli as Chief Financial Officer (a) is paid \$500 per month; (b) is reimbursed disbursements incurred in connection with the CFO duties; (c) was granted stock options; and (d) may be terminated upon 30 days notice, upon payment (i) if within two calendar years of the Effective Date, (A) 30% of annual remuneration, (B) an amount calculated as the balance monthly fees payable for the initial 24 months; and (ii) if after two years of the Effective Date, 20% of annual remuneration.

See also Note 7.

## COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition in future periods. The Company is closely monitoring the business environment as a result to ensure minimal disruption to business operations.