Maritime Launch Services Ltd.
Financial Statements
For the years ended December 31, 2020 and December 31, 2019

Independent Auditor's Report

MNP LLP

To the Shareholders of Maritime Launch Services Ltd.:

Opinion

We have audited the financial statements of Maritime Launch Services Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and December 31, 2019, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and December 31, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 in the financial statements, which indicates that the Company has incurred a net loss during the year ended December 31, 2020. As stated in Note 4, these events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

MNP LLP

Toronto, Ontario — Chartered Professional Accountants

April 22, 2022 — Licensed Public Accountants

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Financial Statements

Maritime Launch Services Ltd.
Statements of Financial Position

December 31	Notes		2020		2019
Assets					
Current assets					
Cash	4	**$**	**50**	$	481
Trade and other receivables			**1,560**		1,560
Sales tax receivable			**15,301**		20,720
Total assets		**$**	**16,911**	$	22,761
Liabilities and Shareholders' Deficiency					
Current liabilities					
Accounts payable and accrued liabilities	5	**$**	**505,292**	$	428,267
Due to shareholders	10		**808,492**		802,555
Current portion of long-term debt	6		**568,696**		470,567
Shares presented as liability	7		**295,342**		-
Total current liabilities			**2,177,822**		1,701,389
Non-current liabilities					
Shares presented as liability	7		**-**		268,493
Total liabilities			**2,177,822**		1,969,882
Shareholders' deficiency					
Share capital	7		**641,900**		291,900
Warrants reserve	8		**159,369**		159,369
Deficit			**(2,962,180)**		(2,398,390)
Total shareholders' deficiency			**(2,160,911)**		(1,947,121)
Total liabilities and shareholders' deficiency		**$**	**16,911**	$	22,761

Going Concern Uncertainty (Note 4)
Uncertainty Due to COVID-19 (Note 13)
Commitments (Note 14)
Subsequent Events (Note 15)

On behalf of the Board

(signed) Sasha Jacob Director ***(signed) Stephen Matier*** Director

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

Maritime Launch Services Ltd.
Statements of Loss and Comprehensive Loss

For the years ended December 31	Notes		2020		2019
Operating expenses					
Administration		**$**	**13,379**	$	39,613
Management fees	10		**-**		112,584
Professional services	7,10		**406,500**		226,358
Research and development			**44,139**		265,063
Loss from operations			**464,018**		643,618
Other income (expense)					
Interest and accretion expense			**(124,936)**		(106,148)
Foreign exchange gain			**25,164**		18,624
Write-off of loan payable			**-**		51,000
			(99,772)		(36,524)
Loss and comprehensive loss for the year		**$**	**(563,790)**	$	(680,142)
Weighted average shares outstanding			**52,206,895**		50,189,772
Basic and diluted loss per share		**$**	**(0.01)**	$	(0.01)

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

Maritime Launch Services Ltd.
Statements of Changes in Shareholders' Deficiency

	Notes	Share Capital Number (1)	Share Capital Amount		Warrant Reserve		Deficit		Total
Balance, as at January 1, 2019		50,004,840	$ 291,900	$	159,369	$	(1,718,248)	$	(1,266,979)
Shares issued in exchange for cash, presented as a liability	7	250,000	-		-		-		-
Loss and comprehensive loss for the year		-	-		-		(680,142)		(680,142)
Balance, as at December 31, 2019		50,254,840	291,900		159,369		(2,398,390)		(1,947,121)
Loss and comprehensive loss for the year		-	-		-		(563,790)		(563,790)
Shares issued in exchange for services	7	12,500,000	350,000		-		-		350,000
Balance, as at December 31, 2020		62,754,840	$ 641,900	$	159,369	$	(2,962,180)	$	(2,160,911)

(1) These shares include 250,000 common shares that are presented as a liability (see Note 7)

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

Maritime Launch Services Ltd.
Statements of Cash Flows

For the years ended December 31		2020		2019
Cash flows used in operating activities				
Loss and comprehensive loss for the year	**$**	**(563,790)**	$	(680,142)
Adjustments for:				
Interest and accretion expense		**124,978**		106,148
Issuance of shares for services		**350,000**		-
		(88,812)		(573,994)
Changes in non-cash working capital balances				
Sales tax receivable		**5,419**		(20,720)
Accounts payable and accrued liabilities		**77,025**		224,599
		82,444		203,879
		(6,368)		(370,115)
Cash flows provided by financing activities				
Advances from shareholders		**5,937**		120,324
Issuance of shares presented as liability		**-**		250,000
		5,937		370,324
(Decrease) increase in cash during the year		**(431)**		209
Cash, beginning of year		**481**		272
Cash, end of year	**$**	**50**	$	481

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

1. Incorporation and Nature of Business

Maritime Launch Services Ltd. (the “Company” or "MLS") is incorporated under the *Companies Act* of *Nova Scotia* and domiciled in Canada. The Company is in process of constructing and operating Canada's first commercial spaceport for launching satellites into low earth orbit.

The address of the Company’s registered office is Suite 900, 1959 Upper Water Street Halifax, Nova Scotia B3J 3N2.

2. Significant Accounting Policies

Basis of Preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented in these financial statements, unless otherwise indicated.

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Standards Interpretation Committee (“IFRIC”) (collectively “IFRS”).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Company’s management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

The financial statements were authorized for issue by the Board of Directors on April 22, 2022**.**

Basis of Measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated in the accounting policy or note disclosures to follow.

Foreign Currency

Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). These financial statements are presented in Canadian Dollars (“CDN”), which is also the Company’s functional currency.

2. Significant Accounting Policies (Continued)

Foreign Currency Transactions

Transactions entered into by the Company in a currency other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the closing rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

Financial Instruments

The Company initially recognizes all financial instruments on the date the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are originally recognized at fair value. Depending on classification, financial instruments are subsequently measured at either fair value or amortized cost. Fair value is determined as explained in Note 12.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The following sections identify the Company's financial assets and liabilities and how they are classified:

Financial Assets

The Company classifies its financial assets into one of the categories below depending on the business model in which they are held and the characteristics of their contractual cash flows.

Financial Assets at Amortized Cost

Financial assets at amortized costs arise principally from the provision of goods and services to customers (trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Financial assets at amortized cost comprise cash and trade and other receivables.

2. Significant Accounting Policies (Continued)

Financial Liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or other financial liabilities, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, plus directly attributable transaction costs.

There are currently no financial liabilities at fair value through profit or loss.

Other Financial Liabilities

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of loss and comprehensive loss when the liabilities are derecognized as well as through the amortization process.

The Company has the following other financial liabilities: accounts payable and accrued liabilities, due to shareholders, shares presented as liability and long-term debt.

Internally Generated Intangible Assets (Development Costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Company is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Company expects to benefit from selling the products developed. The amortisation expense is included within the administrative expenses in the statement of loss and comprehensive loss.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the statement of loss and comprehensive loss as incurred. To date, no expenditures have met the requirements for capitalization.

2. Significant Accounting Policies (Continued)

Income Taxes

Current Income Taxes

Current income taxes assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute current income taxes assets and liabilities are measured at future anticipated tax rates, which have been enacted or substantively enacted at the reporting date.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred Income Taxes

Deferred taxation is provided on all qualifying temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except for taxable temporary differences arising on the initial recognition of temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are only recognized to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilized.

Deferred taxes assets and liabilities are measured at future anticipated tax rates, which have been enacted or substantively enacted at the reporting date.

Current and deferred tax is recognized in profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

Share-based Payments

The Company grants common stock options to its employees and officers under its stock option plan. Stock-based compensation plans are accounted for on a fair value basis.

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model which determines volatility based on comparable publicly traded companies' volatility for a similar term as the expected life of the options.

Options and shares granted to non-employees in exchange for services are valued at the fair value of the services incurred by the Company, unless the fair value cannot be estimated reliably, in which case the services are valued based on the fair value of the equity instruments granted. To date, the Company has not valued any of these services based on the fair value of the equity instruments granted.

2. Significant Accounting Policies (Continued)

Share-based compensation costs, measured at grant date based on the fair value of all options granted and recognized over the service period involved, are recorded as expenses on the Statement of loss and comprehensive loss and credited to contributed surplus. The consideration paid by employees upon exercise of the options and the fair value of the options exercised are added to share capital.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments, except for shares issued that have a redemption clause at the option of the holder.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Loss per Share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of common stock outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common stock outstanding, adjusted for the effects of all dilutive potential common stock. The weighted average number of common stock outstanding is increased by the number of additional common stock that would have been issued by the Company assuming exercise of all options and equity instruments with exercise prices below the average market price for the year.

Changes in Accounting Policies

a) New Standards, Interpretations and Amendments Adopted from January 1, 2020

New standards that have been adopted in the annual financial statements for the year ended December 31, 2020, but have not had a significant effect on the Company are:

- COVID-19 Related Rent Concessions (Amendments to IFRS 16);
- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7);
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

2. Significant Accounting Policies (Continued)

b) New Standards, Interpretation and Amendments not yet Effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning January 1, 2021:

- Onerous contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on its future financial statements.

3. Critical Accounting Estimates and Judgments

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates

Shares Issued in Exchange for Services

The Company has issued common shares in exchange for services received. In accordance with IFRS 2, in most instances such shares must be valued as the fair value of the services received. Significant judgment is required to determine the fair value of the services, which can include a comparison to similar services received which were settled in cash.

Present Value of Financial Liability

The Company has issued a compound financial instrument with both a liability and an equity component. The financial instrument has been bifurcated by evaluating the fair value of the liability component, using a discount rate equal to the interest rate that would be applied to a similar debt instrument without an equity feature. The Company uses its own credit risk and those of comparable companies to estimate the present value of the debt (Note 6).

3. Critical Accounting Estimates and Judgments (Continued)

Judgments

Capitalization of Development Costs

The capitalization of development costs under IFRS is based on management's judgement as to whether all criteria under IAS 38 have been met. Significant judgment is required to assess whether the related expenditures should be capitalized, particularly with regards to the assessment of technical feasibility of the product and that the sale of the product will generate future economic benefits.

Income Taxes

Judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Long-term Debt

Judgment was required to determine the expected repayment date for the long-term debt due to the fact its repayment date was based on when the Company completed a round of financing (Note 6). Management considered the information available to them at the time of preparation of the financial statements in order to determine the expected repayment date.

4. Going Concern Uncertainty

The financial statements have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

The Company incurred a net comprehensive loss of $563,790 for the year ended December 31, 2020 (2019 - $680,142) and, as of that date, had a working capital deficiency of $2,160,911 (2019 - $1,678,628) and a deficit of $2,962,180 (2019 - $2,398,390). Accordingly, there is a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to obtain financing. It is not possible at this time to predict the outcome of this matter. The Company's financial statements do not reflect any adjustments to the classifications and carrying values of assets and liabilities that may be required should the Company be unable to continue as a going concern and therefore de required to realize its assets and discharge its liabilities in other that the normal course of business.

Management's plans with respect to the uncertainties described are to arrange financing through internal and external stakeholders.

5. Accounts Payable and Accrued Liabilities

		2020		2019
Trade payables	**$**	**505,292**	$	428,267

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade payable amounts are unsecured and usually paid within 30 days of recognition.

6. Long-term Debt

In fiscal 2018, the Company received cash of $500,000 in exchange for the issuance of a loan, secured by a general security agreement over all assets of the Company, that is repayable once the Company completes a round of financing or if there is any series of transactions, reorganization, amalgamation, merger or consolidation of the Company resulting in a change in control. In conjunction with the loan with a principal amount of $500,000, the Company issued 3,000,000 warrants (Note 8), the value of which is recorded as a warrant reserve. The warrants have been accounted for as a discount, by applying a rate of return to the debt of 22.1%, and are being accreted using the effective interest method.

		2020		2019
Loan	**$**	**500,000**	$	500,000
Less: Discount related to warrants		**(159,369)**		(159,369)
Interest accrual at 8%		**100,000**		60,000
Accretion of discount		**128,065**		69,936
	$	**568,696**	$	470,567

Following the issuance of shares for services in November 2020 (Note 7), this loan is due to a shareholder who is a related party. The loan was repaid subsequent to year-end.

7. Share Capital

Authorized

An unlimited number of shares without par value of the following classes:

Common shares	voting and participating;
Class "B"	non-voting and participating.

Issued

Presented as equity

		2020		2019
62,503,000 Common shares (2019 - 50,003,000)	**$**	**640,060**	$	290,060
1,840 Class "B" common shares (2019 - 1,840)		**1,840**		1,840
	$	**641,900**	$	291,900

Presented as liability

		2020		2019
250,000 Common shares (2019 - 250,000)	**$**	**295,342**	$	268,493

On April 4, 2019, the Company issued 250,000 common shares for cash consideration of $250,000. The shares are redeemable at the option of the holder at $1 per share plus accrued interest at 10% per annum, at any time from April 4, 2021 until April 4, 2022. As such these shares have been presented as a liability at their redemption amount in the statement of financial position.

On March 24, 2019, the Company entered into a Memorandum of Understanding with a construction company for the construction of the Spaceport whereby the construction company would provide in-kind services related to the initial construction work, defined as Early Works. Upon completion of the Early Works, the construction company would receive 500,000 common shares. As at December 31, 2020 the Early Works have not been started.

On November 4, 2020, the Company issued 12,500,000 common shares to a non-employee shareholder in exchange for services received. These shares were measured at $350,000, being the fair value of the services received by the Company.

8. Warrants

A summary of the status of the Company's outstanding warrants as at December 31, 2020 and 2019, and changes during the years ended on those dates is presented below:

	2020		2019	
	Number of Warrants	**Weighted Average Exercise Price $**	Number of Warrants	Weighted Average Exercise Price $
Outstanding at beginning and end of the year	**3,000,000**	**0.35**	3,000,000	0.35

The warrants expire at the later of June 10, 2021 and the date that the Company completes a transaction whereby it has either (a) filed and received a receipt for a long-form prospectus qualifying an initial public offering of common shares and contemporaneous listing of the common shares on a recognized exchange; or (b) completed a reverse take-over or similar transaction with a company that results in the holders of common shares, in exchange for their common shares, shares of a company listed on a recognized exchange.

9. Income Taxes

a) The following table reconciles the difference between the income taxes that would result solely by applying statutory tax rates to pre-tax income and the reported income tax expense:

	2020	2019
Loss before income taxes	**$ (563,790)**	$ (680,142)
Combined basic federal and provincial tax rates	**29.00%**	31.00%
Expected income tax recovery	**$ (163,499)**	$ (210,844)
Tax rate changes and other adjustments	**-**	43,422
Non-deductible expenses	**6,710**	3,431
Non-deductible professional fees	**101,500**	-
Unrealized deferred tax assets	**55,289**	163,991
Income tax expense	**$ -**	$ -

9. Income Taxes (Continued)

b) Deferred income tax

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and tax planning strategies. The Company has not recognized a deferred tax asset related to the unused tax losses due to the fact that it is not probable that future taxable profit will be available against which the unused tax losses can be utilized.

The Company has losses carried forward for Canadian federal and provincial income tax purposes of approximately $2,356,075 (2019 - $2,169,132) which can be used to reduce future taxable income. The tax losses expire as follows:

2037	$ 686,130
2038	853,867
2039	679,848
2040	136,230
	$ 2,356,075

c) The following table summarizes the components of deferred tax:

	2020	2019
Deferred income tax assets		
Non-capital losses carried forward	**$ 10,732**	$ 26,514
Deferred income tax liabilities		
Long-term debt	**(9,078)**	(25,935)
Unrealized foreign exchange gain	**(1,654)**	(579)
Deferred tax liabilities	**(10,732)**	(26,514)
Net deferred income tax asset	**$ -**	$ -

10. Related Party Transactions

(a) The Company has entered into the following transactions with related parties:

		2020		2019
Operating expenses				
Professional fees				
Shareholders	**$**	**-**	$	62,866
Management fees				
Shareholders	**$**	**-**	$	112,584
Interest expense				
Shareholders	**$**	**6,667**	$	-

These transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

(b) At the end of the year, the balances with related parties are as follows:

		2020		2019
Due to related parties				
Shareholders	**$**	**808,492**	$	802,555

These balances are payable on demand are unsecured and non-interest bearing. Long-term debt (Note 6) and the outstanding warrants (Note 8) are related party balances as at December 31, 2020.

11. Capital Management

The Company has defined its capital as the aggregate of its long-term debt and shareholder's equity. The Company's objectives when managing capital are to:

(a) safeguard the Company's ability to continue as a going concern;

(b) maintain appropriate cash reserves on hand to support continued operations and shareholder returns, generate benefits for its other stakeholders, and maintain the most optimal capital structure possible with a view to keeping capital costs to a minimum; and

(c) invest cash on hand in highly-liquid, highly-rated financial instruments.

The Company's objectives and strategy described above have not changed since last year. These objectives and strategy are reviewed on a continuous basis.

Annual budgets are developed and monitored to ensure the Company's capital is maintained at an appropriate level. The Company monitors and assesses its financial performance in order to ensure that its net debt levels are prudent taking into account the anticipated direction of the business cycle.

12. Financial Instruments and Risk Management

Fair Value Measurements

Fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) inactive markets for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

The Company has no financial instruments measured at fair value. The fair value of all other financial instruments approximate their carrying amounts due to the relatively short period to maturity.

Risk Management

The Company is exposed through its operations to the following financial risks:

(a) Credit risk
(b) Liquidity risk
(c) Market risk
    (i) Foreign exchange risk
    (ii) Interest rate risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company’s objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Risk management is carried out by the Company's management team under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

12. Financial Instruments and Risk Management (Continued)

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's financial instruments that are exposed to concentrations of credit risk relate primarily to cash and trade and other receivables.

The Company mitigates its risk by maintaining its funds with large reputable financial institutions, from which management believes the risk of loss to be minimal. Trade receivables includes subscription receivables from shareholders with no history of credit default. The Company's management considers that all the above financial assets are of good credit quality.

(b) Liquidity Risk

Liquidity risk is the risk that the Company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, due to shareholders, long-term debt, shares presented as liability and commitments. The Company limits its exposure to this risk by closely monitoring its cash flow.

The following table presents the contractual maturities of the financial liabilities as of:

December 31, 2020	**2021**	**2022**	**2023**	**2024**	**Thereafter**
Accounts payable	**$ 505,292**	**$ -**	**$ -**	**$ -**	**$ -**
Due to shareholders	**808,492**	**-**	**-**	**-**	**-**
Shares presented as liability	**295,342**	**-**	**-**	**-**	**-**
Long-term debt	**568,696**	**-**	**-**	**-**	**-**
	$ 2,177,822	**$ -**	**$ -**	**$ -**	**$ -**

December 31, 2019	2020	2021	2022	2023	Thereafter
Accounts payable	$ 428,267	$ -	$ -	$ -	$ -
Due to shareholders	802,555	-	-	-	-
Shares presented as liability	-	268,493	-	-	-
Long-term debt	470,567	-	-	-	-
	$ 1,701,389	$ 268,493	$ -	$ -	$ -

12. Financial Instruments and Risk Management (Continued)

(c) Market Risk

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

(i) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company enters into foreign currency purchase transactions and has assets that are denominated in foreign currencies and thus is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk.

The Company has liabilities that are payable in U.S. dollars which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate of the U.S. dollar against the Canadian dollar would affect the reported loss and comprehensive loss by approximately $25,600 (2019 - $26,850).

(ii) Interest Rate Risk

Interest rate risk is the risk that the value of financial assets and liabilities or future cash flows will fluctuate as a result of changes in market interest rates.

The Company currently does not have any short-term or long-term debt that is variable interest bearing and, as such, the Company's current exposure to interest rate risk is minimal.

13. Uncertainty Due to COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the internal community as the virus spreads globally beyond its point of origin. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As of the date of this report, the Company did experience a disruption in its operations during the government mandated lockdown. Passenger flights were delayed and/or canceled, administrative staff were asked to work from home and supply chains were briefly disrupted. The Company will continue to actively monitor the impact of COVID-19 and may take further actions that alter business operations as may be required by government authorities, or that are determined to be in the best interest of the Company's employees, customers, suppliers and stakeholders. The full extent of the impact of COVID-19 on the Company's business, operations and financial results will depend on evolving factors that the Company cannot accurately predict.

14. Commitments

The Company has entered into a contract ("the Contract") for the design, development, and documentation of certain technical elements of its commercial spaceport, pursuant to which it is committed to incur total capital expenditures of EURO €6,900,000 and is required to make the payments as follows:

Year-ended	EURO €
2021	**1,300,000**
2022	**5,600,000**

Subsequent to December 31, 2020 and pursuant to the Contract, the Company has made payments of EURO €1,750,000.

15. Subsequent Events

(a) In April and May 2021, the Company issued 12,000,000 common shares for cash consideration of $3,000,000. In May 2021, the Company issued convertible debentures for cash consideration of $7,500,000 bearing interest of 4% per annum. In conjunction with these financings, the Company issued 1,540,000 warrants to acquire common shares to the Finders. 840,000 warrants are exercisable at $0.25 and 700,000 warrants are exercisable at $0.75. These warrants are exercisable at any time prior to the date that is 36 months from the completion of a Going Public Transaction.

(b) On July 15, 2021, the Company issued 1,500,000 common shares to a non-employee service provider in exchange for services received. These shares were measured at $370,000, being the fair value of the services received by the Company.

(c) On August 9, 2021, a Special Resolution was passed to convert the Class "B" common shares into common shares. On the same date, the Class "B" common shares were deleted from the Company's authorized capital.

(d) On October 25, 2021, the Company amended the agreement that provided the holder with the right to redeem shares at $1 per share plus accrued interest at 10% per annum (Note 7) such that the common shares no longer have a redemption right and the interest is no longer payable. At the same time, the Company amended the Memorandum of Understanding relating to the issuance of 500,000 common shares such that the Company agreed to issue the 500,000 Common Shares upon execution of the Amending Agreement, in advance of the services having been completed. The common shares were issued on the same date.

(e) During October and November 2021, the Company settled $495,035 liability to shareholders (Note 10), through the issuance of 660,046 common shares. The common shares were issued on November 4, 2021.

15. Subsequent Events (Continued)

(f) On November 5, 2021 and amended on January 22, 2022 and March 30, 2022, MLS entered into a binding letter agreement (the "Letter Agreement") with Jaguar Financial Corporation ("Jaguar") to complete a business combination by way of a transaction that will constitute a reverse takeover (the "Reverse Takeover") of Jaguar by MLS to be completed by way of the three-cornered amalgamation under the Companies Act of Nova Scotia.

Pursuant to the Letter Agreement and on December 30, 2021, MLS issued 5,256,025 subscription receipts (the "Subscription Receipts") for gross proceeds of $3,942,299 and on January 12, 2022, the Company issued 4,116,665 additional Subscription Receipts for gross proceeds of $3,087,499. In total, the Company issued 9,372,690 Subscription Receipts for aggregate gross proceeds of $7,029,518. The Subscription Receipts converted on a one for one basis into common shares of the Company immediately prior to the closing of the Reverse Takeover.

Pursuant to the issuance of the Subscription Receipts and immediately prior to the closing of the Reverse Takeover, the Company is obligated to pay $457,905 in cash finders fees and to issue 610,540 finders warrants (the "Finders Warrants") to certain finders. Each Finders Warrant entitles the holder to purchase one common share of the Company at a price of $0.75.

Immediately prior to the closing of the Reverse Takeover and after the conversion of the Subscription Receipts, as consideration for the acquisition, all of the outstanding shares of MLS were cancelled and replaced by 4.5 (the "Exchange Ratio") common shares of Jaguar. All outstanding stock options, warrants, and Finders Warrants of the Company were also cancelled and replaced pursuant to the Exchange Ratio, subject to certain customary adjustments.

The Reverse Takeover closed on April 1, 2022. Jaguar changed its name to Maritime Launch Services Inc. and 9,000,000 stock options (on a post Reverse Takeover basis) were issued to officers and directors. The Company has received conditional listing approval from the NEO Exchange Inc.

(g) On November 17, 2021, the Company incorporated a wholly-owned subsidiary, Maritime Launch USA Inc., in Delaware, U.S.

(h) Subsequent to December 31, 2020, and prior to the closing of the Reverse Takeover (Note 15(f)), the Company granted 3,700,000 stock options to advisors of the Company.

(i) Subsequent to December 31, 2020 and prior to the closing of the Reverse Takeover (Note 15(f)), the Company issued 14,000 warrants to advisors of the Company.