Condensed Financial Statements

Stargaze Entertainment Group Inc.

For the periods ended August 31, 2021 and 2020

(Expressed in US dollars)

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CONDENSED BALANCE SHEETS

(Expressed in US dollars)

	August 31, 2021	November 30, 2020
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	702	5,047
Total Current Assets	702	5,047
Total Assets	**702**	**5,047**
LIABILITIES AND SHARE CAPITAL		
Current liabilities		
Accounts payables and accrued liabilities	3,395	6,000
Loan payable [Note 5]	—	233,000
Total Current Liabilities	3,395	239,000
Shareholders' Equity (Deficiency)		
Authorised capital		
Common stock, $0.001 par value, 900,000,000 shares authorized as at August 31, 2021 and November 30, 2020		
Preferred stock, $0.001 par value, 5,000,000 shares authorized as at August 31, 2021 and November 30, 2020		
Issued capital [Note 5]		
Common stock, 681,383,673 common shares outstanding as at August 31, 2021; and 331,383,673 common shares outstanding as at November 30, 2020	681,384	331,384
Additional paid-in capital	112,848,000	1,198,000
Preferred stock, 1,080,000 preferred shares outstanding as at August 31, 2021 and November 30, 2020	1,080	1,080
Accumulated deficiency	(113,533,157)	(1,764,417)
Total Shareholders' Equity (Deficiency)	(2,693)	(233,953)
Total Liabilities and Shareholder's Equity (Deficiency)	**702**	**5,047**

See accompanying notes

Going concern *[Note 3]*

Contingencies and commitments *[Note 6]*

Subsequent events *[Note 8]*

Stargaze Entertainment Group Inc.

CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in US dollars)

	For the three months ended August 31, 2021	For the nine months ended August 31, 2021	For the three months ended August 31, 2020	For the nine months ended August 31, 2020
	$	$	$	$
EXPENSES				
Stock-based compensation expenses [Note 5]	111,760,968	111,760,968	—	—
General and administrative expenses	772	5,772	1,000	3,000
Total operating expenses	111,761,740	111,766,740	1,000	3,000
Net loss from operations	(111,761,740)	(111,766,740)	(1,000)	(3,000)
Net loss from operations before income taxes	(111,761,740)	(111,766,740)	(1,000)	(3,000)
Income taxes	—	—	—	—
Net loss for the period	(111,761,740)	(111,766,740)	(1,000)	(3,000)
Translation adjustment	—	—	—	—
Comprehensive loss	(111,761,740)	(111,766,740)	(1,000)	(3,000)
Loss per share, basic and diluted	—	—	—	—
Weighted average number of common shares outstanding	362,152,904	341,640,083	341,640,083	341,640,083

See accompanying notes

Stargaze Entertainment Group Inc.

STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in US dollars)

	Common stock		Preferred stock		Additional paid-in capital	Other Comprehensive Loss	Accumulated deficit	Total shareholder's equity (deficiency)
	Shares	Amount	Shares	Amount				
		$		$	$	$	$	$
November 30, 2020	**331,383,673**	**331,384**	**1,080,000**	**1,080**	**1,198,000**	**—**	**(1,764,417)**	**(233,953)**
Net loss	—	—	—	—	—	—	(2,000)	(2,000)
February 28, 2021	**331,383,673**	**331,384**	**1,080,000**	**1,080**	**1,198,000**	**—**	**(1,766,417)**	**(235,953)**
Translation adjustment	—	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	(5,000)	(5,000)
May 31, 2021	**331,383,673**	**331,384**	**1,080,000**	**1,080**	**1,198,000**	**—**	**(1,771,417)**	**(240,953)**
Issued during the year	**350,000,000**	**350,000**	**—**	**—**	**111,650,000**	**—**	**—**	**112,000,000**
Translation adjustment	—	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	(111,761,740)	(111,761,740)
August 31, 2021	**681,383,673**	**681,384**	**1,080,000**	**1,080**	**112,848,000**	**—**	**(113,533,157)**	**(2,693)**

See accompanying notes

Stargaze Entertainment Group Inc.

CONDENSED STATEMENTS OF CASH FLOWS

(Expressed in US dollars)

	For the nine months ended August 31, 2021 $	For the nine months ended August 31, 2020 $
OPERATING ACTIVITIES		
Net loss for the period	(111,766,740)	(3,000)
Items not affecting cash		
Stock-based compensation	111,760,968	—
Other liabilities written off	—	(1,000)
Change in accounts payable and accrued liabilities	1,427	—
Net cash used in operating activities	(4,345)	(4,000)
INVESTING ACTIVITIES		
Capital expenditures	—	—
Investments	—	—
Net cash used in investing activities	—	—
FINANCING ACTIVITIES		
Sales/purchase of stock	—	4,000
Due from related parties	—	—
Net cash provided by financing activities	—	4,000
Net decrease in cash during the period	(4,345)	—
Effect of translation adjustment	—	—
Cash, beginning of period	5,047	2,000
Cash, end of period	702	2,000

See accompanying notes

1. NATURE OF OPERATIONS

Stargaze Entertainment Group Inc. ("STGZ" or the "Company") is an entertainment company focused on the creation, production and distribution of music, films and television shows.

The Company was originally incorporated under the laws of New York State on June 18, 1999. In March 2015, the Company changed its name from Umining Resources Inc. to STGZ.

The Company operates under the web-site address http://stargazeentertainmentgroup.com.

2. BASIS OF PRESENTATION AND MEASUREMENT

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements, and should be read in conjunction with the Company's annual financial statements for the years ended November 30, 2020 and 2019 and their accompanying notes.

The accompanying unaudited condensed financial statements are expressed in United States dollars ("USD"). In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position and results of operations for the interim periods presented have been reflected herein. Operating results for the interim periods presented herein are not necessarily indicative of the results that may be expected for the year ending November 30, 2021. The Company's fiscal year-end is November 30.

3. GOING CONCERN

The accompanying unaudited condensed financial statements have been prepared assuming the Company will continue on a going concern basis. As disclosed in the condensed balance sheet, the Company has accumulated losses at each reporting period. The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these unaudited condensed financial statements.

The unaudited condensed financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of unaudited condensed financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas involving significant estimates and assumptions include: deferred income tax assets and related valuation allowance and accruals. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Loss Per Share

The Company has adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 260-10 which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. Diluted earnings per share exclude all potentially dilutive shares if their effect is anti-dilutive. There were no potentially dilutive shares outstanding as at each period end.

Fair Value of Financial Instruments

ASC 820 defines fair value, establishes a framework for measuring fair value and expands required disclosure about fair value measurements of assets and liabilities. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation based on quoted market prices for similar assets and liabilities in active markets.
- Level 3 – Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments or interest rates that are comparable to market rates. These financial instruments include cash and accounts payable. The Company's cash, which is carried at fair value, is classified as a Level 1 financial instrument. The Company's bank accounts are maintained with financial institutions of reputable credit, therefore, bear minimal credit risk.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of loss and comprehensive loss.

The results and financial position of an entity that has a functional currency different from the presentation currency is translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; and
- income and expenses for each statement of loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated as the rate on the dates of the transactions).

Effect of translation differences are accumulated and presented as a component of equity under accumulated other comprehensive (loss) income.

Income Taxes

Under ASC 740, “Income Taxes,” deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established when it is more likely than not that some or all of the deferred tax assets will not be realized. As of period end, there were no deferred taxes due to the uncertainty of the realization of net operating loss or carry forward prior to expiration.

Recently Issued Accounting Pronouncements

The Company qualifies as an “emerging growth company” (EGC) under the 2012 JOBS Act. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. As an emerging growth company, management can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The management has elected to take advantage of the benefits of this extended transition period.

In August 2018, the FASB issued ASU 2018-13, “Changes to Disclosure Requirements for Fair Value Measurements”, which will improve the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements, and is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019 (for “emerging growth company” beginning after December 15, 2020). The Company has adopted this standard effective from January 1, 2021 and the adoption of this standard did not have any significant impact on the unaudited condensed interim financial statements.

(Expressed in US dollars)

5. SHAREHOLDERS' EQUITY (DEFICIENCY)

Common stock

The Company has 681,383,673 shares of outstanding common stock as at August 31, 2021 and 331,383,673 common shares outstanding as at November 30, 2020.

Pursuant to Exchange of Shares and Debt Agreement dated August 23, 2021 entered between the Company and the new Chief Executive Officer, the Company issued 350,000,000 common shares to the new Chief Executive Officer in consideration of its services for the reorganization and settlement of previous loan of the Company. These shares were fair value based on the market price on the date of the agreement. Accordingly, the Company recognize net stock-based compensation expense of $ 111,760,968 during the quarter ended August 31, 2021.

Preferred Stock

The Company has 1,080,000 shares of outstanding preferred stock as at August 31, 2021.

6. CONTINGENCIES AND COMMITMENTS

Contingencies

As at August 31, 2021, there are no pending lawsuits that could have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

7. INCOME TAXES

Income taxes

The Tax Cuts and Jobs Act (the "Act") enacted on December 22, 2017 reduces the US federal corporate tax rate from 35% to 21% and requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and creates new taxes on certain foreign sourced earnings. As of period end, the Company has not completed the accounting for the tax effects of enactment of the Act; however, as described below, it has made a reasonable estimate of the effects on existing deferred tax balances. These amounts are provisional and subject to change.

The provision for income taxes is calculated at US corporate tax rate of approximately 21% (2020: 21%) as follows:

	For the nine months ended August 31, 2021 $	For the nine months ended Augsut 31, 2020 $
Net income befor income taxes	(111,765,707)	—
US tax rate	21%	—
Expected income tax recovery from net loss	(23,470,799)	—
Tax effect of expenses not deductible for income tax		
Change in valuation allowance	23,470,799	—
	—	—

7. INCOME TAXES (continued)

Income taxes (continued)

Deferred tax assets

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

8. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to October 25, 2021, the date the unaudited condensed financial statements were issued, pursuant to the requirements of ASC Topic 855 and it is noted that STGZ has signed a letter of intent with HPIL Holding for procurement of NFT Division as of October 15, 2021 resulting into exchange of sixty million shares.