

# **Antera Ventures II Corp.**

**(A Capital Pool Corporation)**

## **Financial Statements**

(in Canadian Dollars)

**For the period from the Date of Incorporation (January 5, 2021) to December 31, 2021**

## Independent Auditor's Report

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To the Shareholders of Antera Ventures II Corp.:

### Opinion

We have audited the financial statements of Antera Ventures II Corp. (the "Corporation"), which comprise the statement of financial position as at December 31, 2021, and the statements of comprehensive loss, changes in Shareholders' equity and cash flows for the period from the date of incorporation (January 5, 2021) to December 31, 2021, 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 Corporation as at December 31, 2021, and its financial performance and its cash flows for the period from date of incorporation (January 5, 2021) to December 31, 2021 in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit 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 Corporation in accordance with the ethical requirements that are relevant to our audit 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.

### 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 audit 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 audit 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brock Stroud.

Toronto, Ontario  
April 25, 2022

*MNP* **LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

**MNP**

# Antera Ventures II Corp.

## Statement of Financial Position

(in Canadian Dollars)

As at December 31, 2021

### Current assets

|                      |    |         |
|----------------------|----|---------|
| Cash                 | \$ | 837,729 |
| Total current assets |    | 837,729 |

### Current Liabilities

|                           |        |
|---------------------------|--------|
| Accounts payable          | 5,479  |
| Accrued liabilities       | 39,500 |
| Total current liabilities | 44,979 |

### Shareholders' equity

|                            |           |
|----------------------------|-----------|
| Share capital (note 3)     | 870,063   |
| Contributed surplus        | 166,270   |
| Accumulated deficit        | (243,583) |
| Total Shareholders' equity | 792,749   |

|                                            |    |         |
|--------------------------------------------|----|---------|
| Total Liabilities and shareholders' equity | \$ | 837,729 |
|--------------------------------------------|----|---------|

|                       |                                                  |                                          |
|-----------------------|--------------------------------------------------|------------------------------------------|
| Approved by the Board | <u>(Signed) "Arinder Mahal"</u><br>Arinder Mahal | <u>(Signed) "Raj Dewan"</u><br>Raj Dewan |
|-----------------------|--------------------------------------------------|------------------------------------------|

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

# Antera Ventures II Corp.

## Statement of Comprehensive Loss

(in Canadian Dollars)

From the date of incorporation (January 5, 2021) to December 31, 2021

**From the date of  
incorporation (January 5,  
2021) to December 31, 2021**

### General and administrative expenses

|                                                                    |    |            |
|--------------------------------------------------------------------|----|------------|
| Professional fees                                                  | \$ | 86,135     |
| Filing fees                                                        |    | 23,969     |
| Stock-based compensation                                           |    | 133,076    |
| Bank fees                                                          |    | 404        |
| Total expenses                                                     |    | 243,583    |
| <hr/>                                                              |    |            |
| Net loss and comprehensive loss                                    | \$ | (243,583)  |
| <hr/>                                                              |    |            |
| Basic and diluted net loss per share                               | \$ | (0.02)     |
| <hr/>                                                              |    |            |
| Basic and diluted weighted average<br>number of shares outstanding |    | 11,280,556 |
| <hr/>                                                              |    |            |

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

# Antera Ventures II Corp.

## Statement of Changes in Shareholders' Equity

(in Canadian Dollars)

From the date of incorporation (January 5, 2021) to period ended December 31, 2021

|                                    | Number of<br>shares | Share<br>capital | Contributed<br>Surplus | Accumulated<br>deficit | Total     |
|------------------------------------|---------------------|------------------|------------------------|------------------------|-----------|
| <b>Balance, January 5, 2021</b>    | -                   | \$ -             | \$ -                   | \$ -                   | \$ -      |
| Issuance of common shares (Note 3) | 15,000,000          | 1,000,000        | -                      | -                      | 1,000,000 |
| Offering costs                     | -                   | (129,937)        | 33,193                 | -                      | (96,744)  |
| Stock-based compensation           | -                   | -                | 133,076                | -                      | 133,076   |
| Net loss                           | -                   | -                | -                      | (243,583)              | (243,583) |
| <b>Balance, December 31, 2021</b>  | 15,000,000          | 870,063          | 166,270                | (243,583)              | 792,749   |

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

# Antera Ventures II Corp.

## Statement of Cash Flows

(in Canadian Dollars)

From the date of incorporation (January 5, 2021) to period ended December 31, 2021

|                                                            |    | From the date of<br>incorporation (January 5,<br>2021) to December 31, 2021 |
|------------------------------------------------------------|----|-----------------------------------------------------------------------------|
| <hr/>                                                      |    |                                                                             |
| <b>Cash provided by/(used in)<br/>operating activities</b> |    |                                                                             |
| Net loss for the period                                    | \$ | (243,583)                                                                   |
| Items not affecting cash:                                  |    |                                                                             |
| Stock-based compensation                                   |    | 133,076                                                                     |
| Subtotal                                                   |    | 133,076                                                                     |
| Change in non-cash working capital:                        |    |                                                                             |
| Accounts payable                                           |    | 5,479                                                                       |
| Accrued liabilities                                        |    | 39,500                                                                      |
| Subtotal                                                   |    | 44,979                                                                      |
| Total                                                      |    | (65,528)                                                                    |
| <b>Cash provided by/(used in)<br/>financing activities</b> |    |                                                                             |
| Issuance of common shares                                  |    | 1,000,000                                                                   |
| Share issuance costs                                       |    | (96,744)                                                                    |
|                                                            |    | 903,256                                                                     |
| Net change in cash and cash equivalents                    |    | 837,729                                                                     |
| Cash and cash equivalents, beginning of period             |    | -                                                                           |
| Cash and cash equivalents, end of period                   | \$ | 837,729                                                                     |

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

# Antera Ventures II Corp.

Notes to Financial Statements  
(a Capital Pool Corporation)  
(in Canadian Dollars)

For the period from the date of incorporation (January 5, 2021) to December 31, 2021

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## 1. INCORPORATION AND NATURE OF BUSINESS

Antera Ventures II Corp. (the "Corporation") was incorporated under the Business Corporation Act (British Columbia) on January 5, 2021 as 1282500 B.C. LTD. and changed its name to Antera Ventures II Corp. on January 26, 2021. The Corporation is classified as a Capital Pool Corporation as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Corporation's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

The registered office of the Corporation is located at 1500 Royal Centre, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

On April 25, 2022, the Board of Directors approved the financial statements for the period from the date of incorporation (January 5, 2021) to December 31, 2021.

The global outbreak of COVID-19 has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. There can be no assurance that such disruptions, delays and expenses will not have a material adverse impact on the Corporation's ability to complete the Offering or identify and successfully complete a proposed Qualifying Transaction. As of December 31, 2021, the Corporation has not experienced any adverse impact from COVID-19 and continues to operate as intended.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

### Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

# Antera Ventures II Corp.

Notes to Financial Statements  
(a Capital Pool Corporation)  
(in Canadian Dollars)

For the period from the date of incorporation (January 5, 2021) to December 31, 2021

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## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Loss Per Share

Basic (loss) per common share is determined by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per common share is calculated in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding. The weighted average number of common shares outstanding was calculated as 11,280,556. (note 3).

### Financial Instruments

#### Recognition

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

#### Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash is classified as assets at fair value and any period change in fair value is recorded in profit or loss.

Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

#### Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

# Antera Ventures II Corp.

Notes to Financial Statements  
(a Capital Pool Corporation)  
(in Canadian Dollars)

For the period from the date of incorporation (January 5, 2021) to December 31, 2021

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## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash is a level 1 financial instrument measured at fair value on the statement of financial position.

### Share Issuance Costs

Share issuance costs relate to expenditures incurred in connection with the Corporation's share issuance (note 3) and are charged against share capital.

### Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

# Antera Ventures II Corp.

Notes to Financial Statements  
(a Capital Pool Corporation)  
(in Canadian Dollars)

For the period from the date of incorporation (January 5, 2021) to December 31, 2021

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## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

### Cash

Cash is comprised of cash held with Canadian banks.

### Measurement Uncertainty

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of expenses during the period. Actual results could differ from those estimates used in the financial statements. A key source of measurement uncertainty is stock-based compensation. Determining the fair value of equity-settled stock-based compensation awards at the grant date requires estimating the expected term of stock options, the expected volatility of the Corporation's stock, the expected dividends and the number of stock-based awards that are expected to be forfeited.

## 3. SHARE CAPITAL

Authorized:

Unlimited number of common shares

Issued and fully paid:

|                                    | Number of shares  | Amount         |
|------------------------------------|-------------------|----------------|
| <b>Balance, January 5, 2021</b>    | -                 | \$ -           |
| Issuance of common shares          | 15,000,000        | 1,000,000      |
| Share issuance costs - cash        | -                 | (96,744)       |
| Share issuance costs - share-based | -                 | (33,193)       |
| <b>Balance, December 31, 2021</b>  | <b>15,000,000</b> | <b>870,063</b> |

### Escrowed Shares

During the period from the date of incorporation (January 5, 2021) to June 30, 2021, the Corporation issued 10,000,000 common shares at \$0.05 per share for total proceeds of \$500,000.

The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange. 25% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (as defined in the policies of the Exchange) (the "Initial Release") and an additional 25% will be released on each of the dates which are 6 months, 12 months, and 18 months following the Initial Release. As of December 31, 2021, the Corporation had 11,000,000 shares held in escrow.

# Antera Ventures II Corp.

Notes to Financial Statements  
(a Capital Pool Corporation)  
(in Canadian Dollars)

For the period from the date of incorporation (January 5, 2021) to December 31, 2021

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## 3. SHARE CAPITAL (Continued)

### Escrowed Shares (continued)

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

### Initial Public Offering

On August 4, 2021, the Corporation completed its initial public offering of 5,000,000 common shares at a price of \$0.10 per Share for gross proceeds of \$500,000 (the "Offering") pursuant to a prospectus dated June 24, 2021 (the "Prospectus") filed with the British Columbia, Alberta, and Ontario Securities Commissions. The Corporation's Shares commenced trading as a Capital Pool Company on Tier 2 of the Exchange on August 5, 2021 under the symbol AVII.P.

Haywood Securities Inc. (the "Agent") acted as lead agent for the Offering. Pursuant to the Offering, the Corporation compensated the Agent as follows: (1) \$45,000 cash commission, (2) \$10,000 corporate finance fee, and (3) options to purchase up to 450,000 Shares of the Corporation (the "Agent's Options") were issued to the Agent and members of the Agent's selling group exercisable at a price of \$0.10 per Share, for a period of 60 months from the date the Shares are listed on the Exchange (the "Listing Date"). The Corporation also granted to its directors and officers incentive options to acquire up to 1,500,000 Shares exercisable at a price of \$0.10 per Share, for a period 10 years from the Listing Date (the "Directors' and Officers' Options").

### Options

The Corporation has adopted an incentive stock option plan (the "Option Plan") which provides that the board of directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares.

(i) On August 4, 2021, the Corporation granted 450,000 warrants to the Agent, which are exercisable for five years from the date of grant at an exercise price of \$0.10 per share. These warrants were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: current share price of \$0.10, risk-free interest rate of 0.18%, expected volatility of 100% and an expected life of five years. The value attributed to these warrants was \$33,193.

(ii) On August 4, 2021, the Corporation granted 1,500,000 options to directors and officers, which are exercisable for ten years from the date of grant at an exercise price of \$0.10 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: current share price of \$0.10, risk-free interest rate of 0.18%, expected volatility of 100% and an expected life of ten years. The value attributed to these options was \$133,076.

# Antera Ventures II Corp.

Notes to Financial Statements

(a Capital Pool Corporation)

(in Canadian Dollars)

For the period from the date of incorporation (January 5, 2021) to December 31, 2021

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## 4. CAPITAL MANAGEMENT OBJECTIVE AND POLICIES

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of issued common shares and deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange.

## 5. FINANCIAL INSTRUMENTS

### *Fair Values*

At December 31, 2021, the Corporation's financial instruments carried at amortized cost consist of accounts payable and accrued liabilities. The fair value of these financial instruments approximate their carrying value due to the relatively short-term maturity of the instruments.

### *Credit Risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash. To minimize the credit risk the Corporation places these instruments with a high credit quality financial institution.

### *Interest Rate Risk*

The Corporation is not exposed to any significant interest rate risk.

### *Liquidity Risk*

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs and to meet the Corporation's liabilities. The \$14,228 of accounts payable and accrued liabilities are due within one year.

# Antera Ventures II Corp.

Notes to Financial Statements  
(a Capital Pool Corporation)  
(in Canadian Dollars)

For the period from the date of incorporation (January 5, 2021) to December 31, 2021

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## 6. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2021, no cash compensation has been paid to key management personnel. Share-based compensation was paid to directors and officers as indicated in note 3. The value attributed to these options was \$133,076.

During the period from the date of incorporation (January 5, 2021) to December 31, 2021, legal fees totaling \$72,585 were incurred from a firm of which a director of the Company is counsel. \$45,585 of this total has been paid and \$27,000 has been accrued as of December 31, 2021.

## 7. INCOME TAXES

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 26.5% and the Corporation's effective income tax expense is as follows:

| <b>Current tax expense</b>                      | <b>December 31, 2021</b> |
|-------------------------------------------------|--------------------------|
| Loss before income taxes                        | \$ (243,583)             |
| Expected income tax recovery at statutory rates | (64,549)                 |
| Non deductible                                  | 35,265                   |
| Share issue costs and other                     | (25,637)                 |
| Deferred tax asset not recognized               | 54,921                   |
| <b>Total income tax expense</b>                 | <b>\$ -</b>              |

At December 31, 2021, the Corporation has non – capital losses for income tax purposes of approximately \$129,856 which can be carried forward to be applied against future taxable income. These losses expire to the extent unutilized against future taxable income in 2041.

The Corporation has not recorded deferred tax assets related to these unused carry forward losses as it is not probable that future taxable profits will be available against which these can be deducted.