



TINKERINE STUDIOS LTD.

Unaudited Interim Consolidated Financial Statements

For the nine months ended

September 30, 2023

(Expressed in Canadian dollars)

(Prepared by Management)

TINKERINE STUDIOS LTD.

NOTICE TO READER

Under National Instrument 51-102, Part 4 subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim financial statements by an entity's auditors.

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (unaudited)
September 30, 2023
(Expressed in Canadian Dollars)

	Notes	September 30, 2023	December 31, 2022
ASSETS			
Current			
Cash and cash equivalents	2	\$ -	\$ 31,180
Receivables	4	421,030	98,641
Inventory	5	50,166	52,774
Prepays and deposits		11,035	9,740
Total current assets		482,231	192,335
Property and equipment	7	927	1,404
TOTAL ASSETS		\$ 483,158	\$ 193,739
LIABILITIES			
Current			
Bank indebtedness		\$ 41,349	\$ -
Trade payables and accrued liabilities	6,8	448,342	760,953
Short-term loans	9	202,570	175,000
CEBA loan - short term	10	48,467	48,467
Consumer deposits		-	2,000
Promissory Notes	15	-	505,586
		740,728	1,492,006
Non-Current and Long Term Liabilities			
Promissory Notes	15	1,081,650	-
TOTAL LIABILITIES		1,822,378	1,492,006
EQUITY (DEFICIT)			
Share capital	11	4,382,373	4,382,373
Reserve	11	298,515	298,515
Deficit		(6,020,108)	(5,979,155)
		(1,339,220)	(1,298,267)
TOTAL LIABILITIES AND EQUITY		\$ 483,158	\$ 193,739

Nature and continuance of operations (Note 1)

Approved on behalf of the Directors:

"E.Suyu"

"J.Sy"

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

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (unaudited)
September 30, 2023
(Expressed in Canadian Dollars)

	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2023	2022	2023	2022
REVENUE					
Sales	12	\$ 23,398	\$ 27,185	\$ 79,608	\$ 93,754
Consulting income	12	209,700	147,900	526,100	280,115
		<u>233,098</u>	<u>175,085</u>	<u>605,708</u>	<u>373,870</u>
COST OF SALES					
Cost of goods sold		19,105	21,598	61,254	65,749
		<u>19,105</u>	<u>21,598</u>	<u>61,254</u>	<u>65,749</u>
GROSS PROFIT		<u>213,993</u>	<u>153,487</u>	<u>544,454</u>	<u>308,121</u>
EXPENSES					
Amortization	7	159	8,761	477	26,283
Bank and credit card charges		212	1,460	2,501	4,361
Foreign exchange (gain) / loss		1,312	(328)	2,456	38
Insurance		1,138	5,821	15,034	16,899
Interest Expense and accretion expense	9,10,15	2,185	28,224	6,928	70,295
Office and general		2,519	2,663	8,643	6,913
Product promotion, trade shows and travel		17	-	43	-
Professional and consulting fees		44,251	33,725	142,846	115,307
Rent and utilities		12,502	604	39,109	3,151
Research and development		2,000	2,408	2,180	2,833
Stock based compensation	11	-	1,955	-	11,255
Remuneration and benefits	8,14	127,479	71,763	345,784	210,084
Shareholder communications, filing & transfer agency		6,558	9,356	19,406	34,179
		<u>200,332</u>	<u>166,412</u>	<u>585,407</u>	<u>501,598</u>
NET OPERATING INCOME (LOSS)		<u>13,661</u>	<u>(12,925)</u>	<u>(40,953)</u>	<u>(193,477)</u>
OTHER INCOME/EXPENSE					
Loss on modification of lease		-	-	-	5,729
Gain on convertible debentures	15	-	-	-	65,020
		<u>-</u>	<u>-</u>	<u>-</u>	<u>70,749</u>
NET COMPREHENSIVE INCOME (LOSS)		<u>\$ 13,661</u>	<u>\$ (12,925)</u>	<u>\$ (40,953)</u>	<u>\$ (134,186)</u>
NET LOSS PER COMMON SHARE - BASIC AND DILUTED		<u>\$ 0.00</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED					
		<u>49,675,849</u>	<u>49,675,849</u>	<u>49,675,849</u>	<u>49,675,849</u>

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

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT (unaudited)
September 30, 2023
(Expressed in Canadian Dollars)

	Notes	Share capital		Reserve	Deficit	Total
		Number of shares	Amount			
Balance at December 31, 2022		49,675,849	\$ 4,382,373	\$ 298,515	\$ (5,979,155)	\$ (1,298,267)
Transactions with owners, in their capacity as owners and other transfers:						
Net comprehensive loss		-	-	-	(40,953)	(40,953)
Balance at September 30, 2023		49,675,849	4,382,373	298,515	(6,020,108)	(1,339,220)
Balance at December 31, 2021		49,675,849	4,382,373	364,664	(5,982,153)	(1,235,116)
Transactions with owners, in their capacity as owners and other transfers:						
Stock-based compensation	11		-	11,255	-	11,255
Cancellation of stock options	11			(85,964)	85,964	-
Net comprehensive loss					(122,727)	(122,727)
Balance at September 30, 2022		49,675,849	4,382,373	289,955	(6,018,916)	(1,346,588)

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

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
September 30, 2023
(Expressed in Canadian Dollars)

	For the nine months ended	
	September 30, 2023	September 30, 2022
Cash Flow from Operating Activities		
Net income (loss)	\$ (40,953)	\$ (122,727)
Items not involving cash		
Gain on convertible debentures	-	(65,020)
Loss on modification of lease	-	5,729
Amortization	477	26,283
Accretion	-	59,941
Stock-based compensation	-	11,255
	<u>477</u>	<u>38,188</u>
Changes in non-cash working capital items		
Receivables	(322,389)	(49,681)
Inventory	2,608	4,240
Prepays and deposits	(1,295)	(7,476)
Trade payables and accrued liabilities	(312,611)	128,769
Customer deposits	(2,000)	-
	<u>(635,687)</u>	<u>75,852</u>
Net cash/(deficit) provided by operating activities	<u>(676,163)</u>	<u>(8,687)</u>
Cash Flows from Investing Activities		
Right of use of asset capitalized	-	(24,940)
Net cash used in investing activities	<u>-</u>	<u>(24,940)</u>
Cash Flow from Financing Activities		
Proceeds of bridge loans	27,570	100,000
Repayment of lease liability	-	(25,176)
Extension of term of current debt to long-term debt	576,064	-
Net proceeds from share issuance	-	-
Modification to fair value of long term loan	-	(43,119)
Repayment of short term loan	-	(10,000)
Net cash used in financing activities	<u>603,634</u>	<u>21,705</u>
CHANGE IN CASH	<u>(72,529)</u>	<u>(11,922)</u>
CASH - BEGINNING	<u>31,180</u>	<u>14,469</u>
CASH - ENDING	<u>\$ (41,349)</u>	<u>\$ 2,547</u>

Supplemental cash flow information:

September 30, 2023

The ending cash balance of \$(41,349) reflects a negative cash position. This negative cash balance is offset by an equal amount of bank indebtedness reported on the balance sheet. The offset between the negative cash balance and bank indebtedness results in a net cash position of zero.

The Company reclassified \$1,081,650 in current liabilities to long term liabilities (Notes 6 and 15)

September 30, 2022

The Company reallocated \$88,392 from reserve to deficit upon cancellation of stock options (Note 11)

The Company reduced its leased space and extended its lease term resulting in a loss on modification of the lease of \$5,729

The Company reclassified \$542,491 accrued salaries to convertible debt of which \$65,020 was recognized as gain on convertible debt (Note 15)

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

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Notes to the Consolidated Financial Statements (unaudited), page 1

September 30, 2023

(Expressed in Canadian dollars)

1. Nature and Continuance of Operations

Tinkerine Studios Ltd. (the “Company”) was incorporated on May 25, 2006 under the laws of the province of British Columbia, Canada. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol TTD. The Company’s primary business is the design and manufacture, distribution of 3D printers, software and related online educational content. In March 2022, the Company began offering its consulting services to clients in the areas of hardware review, software development, business development and business consulting

The Company’s registered and records office at 1500-1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7 and its head office is located at 113A 8725 92nd Street, Delta, British Columbia, Canada, V4G 0A4.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company entered into a Definitive Agreement (“DA”) dated March 15, 2022 with respect to a potential business combination (the “Transaction”) with Electrum Charging Solutions Inc., an arm’s length third party (“Target”, “Electrum” or “ECS”), which would result in a reverse-takeover (“RTO”) of the Company by shareholders of Electrum. The DA was due to expire on September 30, 2022 but has been extended to June 30, 2023 subject to an extension to September 30, 2023 if required. There is no assurance that this proposed Transaction will be completed prior to September 30, 2023. Effective September 30, 2023, the DA for the proposed business combination with Electrum, has expired. The Company and Electrum continue to work together on a service provider and client basis, respectively. The Company is evaluating several platforms and Applied Design opportunities to bring value to its shareholders.

The continuing operations of the Company are dependent upon its ability to generate profitable operations in the future, and to continue to secure additional financing. There can be no assurance that the Company will be successful in its efforts to raise additional financing or if financing is available, that it will be on terms that are acceptable to the Company. These events cast significant doubt about the Company’s ability to continue as a going concern.

Based on the Company’s operating history, and its relationship with its stakeholders, Management expects that the Company will require additional equity to have sufficient capital to fund operations for the upcoming fiscal year. Further discussion of liquidity risk has been disclosed in Note 15. These consolidated 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 operations as a going concern.

2. Basis of Presentation and Significant Accounting Policies

The financial statements were approved and authorized for issue on November 29, 2023 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

The condensed consolidated financial statements of the Company, including comparatives, comply with International Accounting Reporting Standards (“IFRS”) as issued by the International

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Notes to the Consolidated Financial Statements (unaudited), page 2

September 30, 2023

(Expressed in Canadian dollars)

Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies and methods of computation consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements include all necessary information and disclosures required for interim financial statements but do not include disclosures required for a full annual financial report. These statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2022.

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted, which is the Company's functional currency.

Certain figures for the prior year have been reclassified to conform to the current presentation.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its 100% controlled entity, Tinkerine 3D Print Systems Ltd.

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies. On an on-going basis, management evaluates its estimates and assumptions in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the impairment and useful lives of equipment and

TINKERINE STUDIOS LTD.

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September 30, 2023

(Expressed in Canadian dollars)

3. Accounting Standards Issued but Not Yet Effective

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Receivables

	September 30, 2023	December 31, 2022
Trade receivables	\$ 415,871	\$ 23,977
GST recoverable	5,159	1,780
	\$ 421,030	\$ 25,757

Trade receivables relate to completed sales.

As at September 30, 2023, \$30,713 in accounts receivable were beyond one year (2022-\$nil). The fair value of accounts receivable approximates their carrying value as at September 30, 2023 and December 31, 2022..

5. Inventory

	September 30, 2023	December 31, 2022
Raw materials	\$ 48,759	\$ 48,767
Finished goods	1,407	4,007
	\$ 50,166	\$ 52,774

6. Trade Payables and Accrued Liabilities

	September 30, 2023	December 31, 2022
Trade payables	\$ 176,035	\$ 253,062
Accrued liabilities	272,307	507,891
	\$ 448,342	\$ 760,953

Effective June 30, 2023, \$452,364 in accrued salaries and \$123,700 in trade payables were reclassified under a non-interest-bearing promissory note and categorized as non-current long term liabilities due June 30, 2025 (Note 15).

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September 30, 2023

(Expressed in Canadian dollars)

7. Property and Equipment

	Equipment	Computers	Total
Cost:			
December 31, 2019 and 2020	\$ 58,673	\$ 6,094	\$ 64,767
Addition	856	1,396	2,252
December 31, 2021 and 2022	59,529	7,490	67,019
Amortization:			
December 31, 2020	58,673	6,094	64,767
Additions	57	155	212
December 31, 2021	58,730	6,249	64,979
Additions	172	464	636
December 31, 2022	58,902	6,713	65,615
Additions	129	348	477
September 30, 2023	59,031	- 7,061 -	66,092
Net book value:			
December 31, 2022	\$ 627	\$ 777	\$ 1,404
September 30, 2023	\$ 498	\$ 429	\$ 927

8. Related Party Transactions

Included in professional and consulting fees during the nine-month period ended September 30, 2023 is \$90,000 (2022-\$90,000), which is paid or accrued to one of the officers of the Company.

As at September 30, 2023, included in trade payables is \$96,650 (December 31, 2022 - \$68,900), which is due to an officer of the Company.

As at September 30, 2023, included in accrued liabilities is \$63,000 (December 31, 2022 - \$138,183), that is due to director and officers of the Company. Effective June 30, 2023, \$225,183 in accrued liabilities due to directors and officers of the Company were reclassified to a non-interest-bearing promissory note under non-current long term liabilities due June 30, 2025 (Note 15).

Balances due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

The compensation of key management personnel and related parties for the nine-month period was as follows:

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September 30, 2023

(Expressed in Canadian dollars)

	September 30 2023	September 30 2022
Remuneration, fees and short term benefits	\$ 174,000	\$ 178,500
Stock-based compensation	-	8,480
	\$ 174,000	\$ 186,980

The Company has renewed the lease to be a month-to-month rental lease with a director, Eugene Suyu in December 2022 that has been renewed as of January 1st 2023. Which remains effective as at September 30, 2023.

9. Short Term Loans

During the year ended December 31, 2020, the Company received \$90,000 short term loans from five individuals of which \$66,000 remains outstanding at September 30, 2023 at an annual interest rate of 12% previously repayable as at April 28, 2021, and has subsequently been extended. The total interest expense recognized for the nine-month period ended September 30, 2023 is \$5,940 (2022-\$4,737).

Electrum Charging Solutions Inc.("ECS"), as part of the proposed reverse takeover transaction ("RTO") (Note 1), advanced \$100,000 loan (the "Bridge Loan") to the Company. The Bridge Loan does not bear interest for 180 days, and thereafter interest at 5% per annum, mature 180 days from the date of the Bridge Loan and is unsecured. ECS has the right and option by written notice to the Company to convert the principal amount, and interest into common shares of the Company in the first 180 days after termination of the RTO agreement (See Note 1).

10. CEBA Loan

The Company received the Canada Emergency Business Account ("CEBA") with an interest-free loan of \$60,000 until January 18, 2024. Starting January 19, 2024, the CEBA loan will carry 5% per annum interest rate and will convert to non-amortizing term loan with full principal repayment due December 31, 2026; of which, \$20,000 is forgivable if repaid by January 18, 2024. The loan was recorded at a fair value of \$43,916 using an effective rate of 12%, considering the grant, the interest-free loan and the forgivable portion. The residual value of \$17,925 was recorded as other income. As of September 30, 2023, accretion of \$nil (September 30, 2022-\$1,940) has been recognized in the statement of comprehensive loss and a balance of \$48,467 (December 31, 2022-\$48,467) is recorded as the short-term CEBA Loan which matures on January 18, 2024.

11. Share Capital***Authorized share capital***

Unlimited number of common shares without par value.

There were 49,675,849 common shares issued and outstanding as at September 30, 2023.

Changes in issued share capital

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Notes to the Consolidated Financial Statements (unaudited), page 6

September 30, 2023

(Expressed in Canadian dollars)

There are no changes in issued share capital for the period ended September 30, 2023 (September 30, 2022- nil).

Stock options

For the third quarter ended September 30, 2023, there were no issuance of share options.

For the third quarter ended September 30, 2023, \$nil (2022 - \$9,300) was recognized as stock-based compensation based on this recognition system.

For the period ended September 30, 2023, nil, (2022-1,125,000) stock options were cancelled, and the corresponding amount of \$nil (2022-\$75,260) was reallocated from reserves to deficit.

As at September 30, 2023, a continuity schedule of stock options is as follows:

Number of options	Exercise Price	Expiry date
4,845,000	\$0.125	Apr 24, 2025
730,000	\$0.070	Oct 19, 2026

As at September 30, 2023, the following stock options were outstanding and exercisable:

	Number of stock options
Balance December 31, 2022	5,575,000
Granted	-
Exercised	-
Cancelled	-
Balance September 30, 2023	5,575,000
Exercisable September 30, 2023	5,575,000

As at September 30, 2023, the weighted average exercise price of stock options is \$0.12 with an average remaining term of 2.76 years.

Reserve

The reserve records items recognized as stock-based compensation expense and the fair value of warrants issued based on the residual method. At the time that the stock options or warrants are exercised, the corresponding amount is reallocated to share capital, or if they are cancelled the corresponding amount is reallocated to deficit.

12. Segmented Information

The Company operates in one reportable operating segment, being the sale of 3D printers and provision of related services. The summarized financial information for the revenue derived by geographic segment for the nine-month period is as follows:

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September 30, 2023

(Expressed in Canadian dollars)

	September 30, 2023	September 30, 2022
Total Revenue		
Canada	\$ 598,474	\$ 363,433
United States	7,235	10,437
	\$ 605,708	\$ 373,870

During the third quarter of 2023, there were three customers that made up more than 86% of total revenue. During the period September 30, 2022, there were also three customers representing in excess of 45% of total revenue.

During the nine-month period ended September 30, 2023, the Company provided consulting services to ECS for the amount of \$526,100 (2022: \$280,115) related to business analysis, program development, personnel training, documentation writing and general business consultation (See Note 1). Included in receivable at September 30, 2023 is \$403,764 (2022: \$45,478) due from ECS.

13. Commitment and Contingency

The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. These matters are subject to inherent uncertainties.

14. Salaries and Benefits

On April 17, 2020, the Government of Canada announced \$250 million in funding for the IAP program to assist Canadian small and medium-sized enterprises. As a result of qualifying for the subsidy, the Company recognized \$nil (2022-\$117,213) as a reduction of salaries and benefits.

15. Promissory Notes

On the issuance date of the promissory notes, the fair value of the liability was determined to be \$482,325, resulting in a gain of \$116,762, using a 20% discount rate. The extension of the maturity date to May 17, 2022 was determined to be an extinguishment of debt and the previous carrying value of the convertible debenture was re-recognized at the modification date of February 17, 2022 and the new carrying value of the debt calculated based on the new terms was recognized and the adjusting effect of \$110,083 was recognized in the consolidated statement of comprehensive loss for the year ended December 31, 2022.

The promissory notes have not been repaid as at this report date and are in default.

Effective June 30, 2023, \$505,586 (\$368,814 in new non-interest-bearing promissory notes and accretion of \$136,772) were reclassified as non-current long term liabilities due June 30, 2025.

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(Expressed in Canadian dollars)

The continuity of the promissory note is set out below:

Balance at December 31, 2021	\$ 583,902
Accretion	\$ 88,369
Reclass of loan due on demand to accrued liabilities	\$ (56,602)
Gain on modification	\$ (110,083)
Balance at December 31, 2022	\$ 505,586
Accretion to September 30, 2023	\$ -
Balance at September 30, 2023	\$ 505,586

16. Capital Management

The Company's policy is to maintain a sufficiently strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements

17. Financial Instruments and Financial Risk Management

The fair value of the Company's financial assets and liabilities approximates its carrying amount.

The Company's financial assets and liabilities are classified and measured as follows:

<i>Asset/Liability</i>	<i>Category</i>	<i>Measurement</i>
Cash	Fair value through profit or loss	Fair value
Trade receivables	Loans and receivables	Amortized cost
Trade payables	Other financial liability	Amortized cost

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at June 30, 2023 and at December 31, 2022, the Company measures its cash based on Level 1 inputs.

Financial instrument risk exposure and management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of

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(Expressed in Canadian dollars)

documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash from operations.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company may from time to time extend unsecured credit to its customers and therefore, the collection of trade receivables may be affected by changes in economic or other conditions. The Company has not experienced any significant credit loss in the collection of trade receivable to date. The Company's other exposure to credit risk is on its cash held in bank accounts. The Company manages this risk by maintaining bank accounts with reputable financial institutions.

Foreign exchange risk

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates.