PONTUS PROTEIN LTD. (FORMERLY AMWOLF CAPITAL CORP.)

Interim Condensed Consolidated Financial Statements

Three Month Period Ended February 28, 2022, and February 28, 2021

(Expressed in Canadian dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company.

These condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

PONTUS PROTEIN LTD. (FORMERLY AMWOLF CAPITAL CORP.)
Interim Condensed Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at	Note		February 28, 2022		February 28, 2021
ASSETS					
Current					
Cash and cash equivalents		$	**7,617**	$	2,099,421
Sales tax receivable			**249,130**		113,690
Deposit and prepaid expense	4		**177,313**		31,822
Share subscription receivable			**109,015**		-
			543,074		2,244,933
Non-current					
Property, Plant and Right-of-use asset	5		**5,347,296**		2,096,741
Financial asset at fair value through other comprehensive income	7		**3,840,000**		-
Intangible asset	6		**-**		750,000
Total Assets		$	**9,730,371**	$	5,091,674
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	8	$	**1,204,780**	$	380,274
Due to related parties	10		**2,373,754**		116,237
Lien holdback			**240,897**		-
Lease liabilities	11		**108,896**		98,574
Convertible promissory notes	9		**-**		53,774
			3,928,328		648,859
Non-current					
Lease liabilities	11		**1,730,671**		1,839,848
Loan payable	12		**27,739**		25,262
			5,686,737		2,513,969
Shareholders' equity					
Share capital	13		**14,469,174**		5,789,781
Reserve - warrants			**-**		345,766
Equity portion of convertible promissory notes			**-**		55,171
Deficit			**(10,425,540)**		(3,613,013)
			4,043,634		2,577,705
Total Liabilities and Shareholders' Equity		$	**9,730,371**	$	5,091,674

Approved and authorized for issue by the Board of Directors on April 30, 2022.

Avtar Dhaliwal CEO   Jason Ding CFO

The accompanying notes are an integral part of these financial statements

PONTUS PROTEIN LTD. (FORMERLY AMWOLF CAPITAL CORP.)
Interim Condensed Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Period ended February 28, 2022	Period ended February 28, 2021
EXPENSES			
Advertising and promotion		$ **13,638**	$ 435,554
Consulting fee		**77,891**	195,926
Deemed cost of listing		-	838,581
Depreciation		**56,387**	49,229
Insurance		**10,475**	-
Interest and bank charges		**5,908**	737
Interest on long-term debt		**47,056**	52,555
Legal fees		-	279,873
Maintenance		-	5,000
Office and miscellaneous		**14,750**	8,579
Professional fees		**21,207**	104,845
Research and development		-	32,047
Subcontracting		-	1,436
Travel		**5,489**	
Utilities		**870**	6,188
		253,672	2,010,550
Loss and comprehensive loss		$ **(253,672)**	$ (2,010,550)
Loss per common share - basic and diluted		$ (0.0031)	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted		**80,620,544**	57,627,753

The accompanying notes are an integral part of these financial statements

PONTUS PROTEIN LTD. (FORMERLY AMWOLF CAPITAL CORP.)
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital						
	Number	Amount	Obligation to issue shares	Reserves - warrants	Equity portion of convertible promissory notes	Deficit	Total
Balance, November 30, 2021	**76,215,813**	**$ 13,845,497**	**$ -**		**$ -**	**$ (10,171,869)**	**$ 3,673,628**
Private placement	4,404,731	623,677	-	-	-	-	623,677
Loss and comprehensive loss	-	-	-	-	-	(253,672)	(253,672)
Balance, February 28, 2022	**80,620,544**	**$14,469,174**	**$ -**	**$ -**	**$ -**	**$(10,425,540)**	**$ 4,043,634**
Balance, November 30, 2020	**30,495,087**	**1,902,131**		**51,841**	**55,171**	**(1,602,463)**	**406,680**
Private placement	36,262,276	3,244,900	-	-	-	-	3,244,900
Share-based payment	-	838,581	-	293,925	-		1,132,506
Share issue cost	-	(195,831)	-	-	-	-	(195,831)
Loss and comprehensive income	-	-	-	-	-	(2,010,550)	(2,010,550)
Balance, February 28, 2021	**66,757,363**	**$ 5,789,781**	**$ -**	**$ 345,766**	**$ 55,171**	**$ (3,613,013)**	**$ 2,577,705**

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

PONTUS PROTEIN LTD. (FORMERLY AMWOLF CAPITAL CORP.)
Interim Condensed Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

		Period ended February 28, 2022		Period ended February 28, 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	**$**	**(253,672)**	$	(2,010,550)
Changes in non-cash operating items:				
Depreciation		**56,387**		49,229
Interest unwinding on CEBA loan		**632**		1,192
Interest unwinding on convertible debt		**8,328**		
Interest unwinding on lease liability		**46,424**		
Deemed cost of listing		**-**		838,581
		(141,900)		(1,121,548)
Changes in non-cash working capital items:				
GST receivable		**(12,483)**		(36,613)
Prepaid expenses and deposits		**(4,641)**		80,501
Accounts payable and accrued liabilities		**(297,286)**		(113,903)
Cash used in operating activities		**(456,310)**		(1,191,563)
CASH FLOWS FROM INVESTING ACTIVITIES				
Construction of plant		**(68,081)**		(36,569)
Invested in intangible (license rights)		**-**		(62,500)
Cash used in investing activities		**(68,081)**		(99,069)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from related parties		**(32,014)**		(80,612)
Change in warrant reserves		**-**		330,432
Proceeds from private placements, net of cost		**623,677**		3,049,069
Proceeds from loan payable		**-**		576
Repayment of lease liability		**(71,996)**		(23,148)
Interest un-winding on convertible debt		**-**		1,940
Cash provided by financing activities		**519,666**		3,278,257
Change in cash		**(4,725)**		1,987,625
Cash, beginning		**12,342**		111,796
Cash, ending	**$**	**7,617**	$	2,099,421

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Pontus Protein Ltd. ("Pontus" or the "Company") formerly known as AmWolf Capital Corp. ("AmWolf") was incorporated under the British Columbia Business Corporation Act on April 23, 2018, and upon incorporation was classified as a Capital Pool Corporation as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange").

On January 25, 2021, the Company completed a qualifying transaction and business combination with 42 Protein Corp. ("42 Protein"), a corporation incorporated under the Canada Business Corporations Act on November 11, 2018. The Business Combination Agreement entered in to between the Company, a subsidiary of the Company and 42 Protein was structured as a three-cornered amalgamation under the Business Corporations Act (the "Transaction"). As a result of the Transaction, 42 Protein became a wholly owned subsidiary of the Company. Completion of the Transaction resulted in a Reverse Takeover and Change of Business for the Company (the "RTO").

On closing of the transaction, all of the issued and outstanding securities of 42 Protein were exchanged for corresponding securities of the Company on the terms of the amalgamation agreement with the underlying securities of 42 Protein being cancelled and the following securities of the Company being issued to the former security holders of the 42 Protein: an aggregate of 30,495,087 Pontus shares to the former shareholders of 42 Protein, and warrants to acquire an aggregate of 30,495,087 Pontus shares were issued to the former warrant holders of Pontus.

Upon completion of the Transaction, AmWolf changed its name to Pontus Protein Ltd. Subsequent to the Transaction, the Company's principal activity is to process and provide an environmentally sustainable source of pure plant-based protein. The Company's common shares are listed on the Toronto Stock Exchange's Venture Exchange (the "TSX- V") under the symbol "HULK" and commenced trading on January 28, 2021.

The registered and records office of the Company is located at 203 – 815 Hornby Street, Vancouver, BC, V6Z 2E6.

These condensed consolidate interim financial statements for the period ended February 28, 2022, include the financial results of the Company for the period ended February 28, 2021, and the financial results of Pontus Protein Ltd for the year ended February, 28 2021.

These financial statements have been prepared on the assumption that Pontus will continue as a going concern, which contemplates the realization of assets and settlement of liabilities as they fall due in the normal course of business for the foreseeable future. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. Pontus has incurred losses and has had negative cash flows from operations from the inception that have primarily been funded through financing activities. These factors indicate the existence of a material uncertainty that November cast significant doubt as to the Company's ability to continue as a going concern. Pontus will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. The financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses that would be necessary if Pontus was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The ongoing novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors because of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company November experience adverse impacts to its business because of any economic recession or depression that has occurred or November occur in the future. Therefore, the Company cannot reasonably estimate the impact this

1. NATURE AND CONTINUANCE OF OPERATIONS (Continued)

time on business, liquidity, capital resources and financial results.

2. BASIS OF PRESENTATION

Statement of compliance

The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated.

Basis of Presentation and Measurement

The financial statements have been prepared on an historical cost basis except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements are presented in Canadian Dollars, which is also the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all Periods presented.

Significant accounting estimates and judgments

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the carrying value and recoverability of intangible assets, and

ii. the measurement and recoverability of deferred income tax assets.

Critical accounting judgments

i. the classification of financial assets and financial liabilities, which involves judgments or assessments made by management,

ii. the determination of whether it is likely that future economic benefits associated with the intangible asset capitalized will flow to the Company, which November be based on assumptions about future events or circumstances, and

iii. the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that November give rise to significant uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Indefinite-life intangible assets

An intangible asset is an identifiable asset without physical substance. An asset is identifiable if it is separable, or arises from contractual or legal rights, regardless of whether those rights are transferrable or separable from the Company or from other rights and obligations.

Intangible assets with indefinite useful lives are comprised of the rights to use the trademark, designs, technologies and the know-how related to the close environmental vertical aquaponics system for production of water lentils as described in Note 6.

Research and Development Expenditures

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

As at March 31, 2021, the Corporation had not recognized any internally-generated intangible assets.

Impairment of assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss November no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

The Company operates a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve.

The fair value of options is determined using a Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method and to the extent that it is not antidilutive. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Income taxes

<u>Current income tax:</u>
Current income tax assets and liabilities for the current period 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 the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

<u>Deferred income tax:</u>
Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at March 31, 2021. The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Share subscription receivable	Amortized cost
GST receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible promissory notes	Amortized cost
Due to related parties	Amortized cost
Loan payable	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Convertible debentures
The component parts of convertible debentures (e.g., debt issued with a conversion feature) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar debt without conversion features. This amount is recorded as a liability on the amortized cost basis using the effective interest method until extinguished or at the instrument's maturity date.

The conversion features classified as equity are determined by deducting the amount of the liability component from the fair value of the instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, conversion feature classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognized in equity will be transferred to common shares within equity. When the conversion feature remains unexercised at their maturity date, the balance recognized in equity will be transferred to retained earnings or deficit. No gain or loss is recognized in profit or loss upon conversion.

Adoption of new accounting standards

Leases

Ongoing recognition and measurement
At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ongoing recognition and measurement (Continued)
The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for property and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are presented as property and equipment and the lease liabilities are presented as loans on the consolidated statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for the short-term leases that have a lease term of 12 months or less. For its lease, the Company recognizes the lease payments as an expense to profit or loss on a straight-line basis over the term of the lease.

Measurement uncertainty

When preparing financial statements management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the company November undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of capital assets, asset impairments, legal and tax contingencies, employee compensation plans, employee benefit plans, retained interest in securitized receivables, income taxes, and goodwill impairment.

(Expressed in Canadian Dollars)

4. DEPOSIT AND PREPAID EXPENSE

A summary of nature of deposit and prepaid expense is as follows:

	February 28, 2022 $	February 28, 2021 $
Prepaid expense	32,508	31,822
Term deposit	147,313	-
	177,313	31,822

The term deposit is with a scheduled bank.

5. PROPERTY, PLANT, AND RIGHT-OF-USE ASSET

A summary of nature, cost, and net book values is as follows:

	Cost $	Accumulated amortization $	February 28, 2022 NBV $	February 28, 2021 NBV $
Plant (Work in Progress)	3,407,268	-	3,407,368	147,140
Right-of-use asset	2,016,829	264,144	1,752,685	1,949,601
Leasehold improvements	119,331	17,899	101,432	-
	5,298,919	230,423	5,347,296	2,096,741

6. INTANGIBLE ASSETS

A summary of nature of intangible asset is as follows:

	February 28 2022 $	February 28, 2021 $
License – cost	750,000	750,000
Impairment	(750,000)	-
	-	750,000

On November 15, 2018, the Company entered into a license agreement (the "License Agreement") with Green Oasis Foods Ltd. ("Green Oasis"), pursuant to which Green Oasis agreed to grant Pontus a perpetual, world-wide, exclusive, non-transferrable, sub-licensable right and license (the "License") to use the CEVAS tradename, system and brand, as well as all intellectual and other proprietary property, whether registered or not, associated with the closed environment vertical aquaponics system developed by Green Oasis (the "CEVAS System") for the production of water lentils. In consideration for the License, the Company agreed to pay Green Oasis a one-time exclusivity fee of $600,000 (the "Exclusivity Fee") as well as a license fee equal to 4% of all annual gross revenues of Pontus (the "License Fee") starting on the date with which the Company earns revenue from the sale of its products using the CEVAS System.

In addition to the License Fee and the Exclusivity Fee, the Company has also agreed pay to Green Oasis:

1. $150,000 for each additional 10,000 sq/ft. pilot processing facility (each, an "Additional Pilot Farm") built for use by Pontus, excluding the Company's pilot farm;

2. $400,000 for each additional 56,000 sq/ft. commercial farm (each, a "Commercial Farm") built for use by the Company;

(Expressed in Canadian Dollars)

6. INTANGIBLE ASSETS (Continued)

3. $37,500 for each Additional Pilot Farm built for use by a sub-licensee of the CEVAS System;

$100,000 for each Commercial Farm built for use by a sub-licensee of the CEVAS System. Steve McArthur, the Chief Technology Officer, and a director of the Company, is the founder, owner, and operator of Green Oasis.

On February 26, 2020, as amended on March 10, 2020, the Company entered into an independent consulting agreement with Green Oasis Foods Ltd. ("Green Oasis") and Steve McArthur, as principal of Green Oasis, for $5,000 a month.

On February 27, 2020, the Company and Green Oasis, a company controlled by a director and officer of the Company, mutually terminated the License Agreement. See note 2 for more information on the License Agreement.

In connection with, and immediately following the termination of the License Agreement, the Company and Green Oasis entered into an asset purchase agreement (the "Asset Purchase Agreement") dated February 27, 2020, whereby the Company agreed to acquire from Green Oasis certain intellectual property assets associated with the CEVAS System owned and developed by Green Oasis (collectively, the "Assets"). As consideration for the sale of the Assets, the Company agreed to pay Green Oasis an aggregate of $3,000,000 payable as follows:

1. $750,000 in cash, of which $685,000 Green Oasis acknowledged has been paid by the Company to Green Oasis pursuant to the License Agreement, and of which the remaining $65,000 is to be paid by the Company upon its common shares being listed for trading on a recognized Canadian stock exchange: and
2. An aggregate of $2,250,000 (the "Residual Purchase Price") as a 4% top-line royalty on all gross revenues generated by the Company, calculated in accordance with applicable generally accepted principles, payable within 30 days of the end of each fiscal quarter, by such method and place, or to such financial institution, as the Vendor November specify in writing from time to time until the Residual Purchase Price is paid in full.

7. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Classification and fair value

The equity instrument represents an investment in a private company's shares, *Ephemere Catering & Consulting Inc,* acquired in exchange for 4 million shares of Pontus Protein Ltd issued to the existing shareholders of the *Ephemere Catering & Consultion Inc*. The acquisition doesn't qualify for a business combination *(as per the IFRS 3 Business Combinations guidelines).*

Management has adopted a policy that meets the nature of the investment.

The equity instrument is classified as *Financial Asset at Fair Value* for initial recognition and subsequent measurement with changes in the value reported to *Other Comprehensive Income.*

The following table shows the financial asset's carrying amount and fair value, including the levels in the fair value hierarchy. The carrying amount is a reasonable approximation of the fair value at the period-end

	February 28, 2022 $	**February 28, 2021 $**
Equity instrument at FVOCI - Carrying amount	3,840,000	-
Equity instrument at FVOCI - Fair value (Level 3)	3,840,000	-

Measurement of fair value

The equity instrument represents an investment in a private company's shares, *Ephemere Catering & Consulting Inc,* acquired in exchange for 4 million shares of Pontus Protein Ltd issued to the existing shareholders of the *Ephemere Catering & Consultion Inc*. The acquisition doesn't qualify for a business combination *(as per the IFRS 3 Business Combinations guidelines).*

7. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (Continued)

Measurement of fair value (Continued)

Since Pontus Protein Ltd's (the acquirer) quoted share price is considered, instead of *Ephemere Catering & Consulting Inc*. (the acquiree). Hence, it is an estimated value, so classified as Level 3 fair value.

Financial risk management

IFRS 13, Fair-Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company determined that the carrying values of its short-term financial assets and liabilities approximate the corresponding fair values because of the relatively short periods to maturity of these instruments and the low credit risk.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adhere to market conditions. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included as applicable.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. The Company does not have any significant foreign currency denominated monetary liabilities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on its cash. To minimize the credit risk, the Company places its cash with a major financial institution.

iv) *Price and concentration risk*

Credit risk is the risk of dispositions of investments at less than favourable prices due to unfavourable market conditions. The Company is exposed to price and concentration risk on its investment in cryptographic assets.

(v) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of nature of accounts payable and accrued liabilities is as follows:

	February 28, 2022 $	February 28, 2021 $
Trade payables	1,098,744	380,274
Accrued liabilities	102,810	-
	1,204,780	380,274

9. CONVERTIBLE PROMISSORY NOTES

On November 13, 2020, the Company issued to a third-party lender a convertible promissory note in a principal amount of $45,000. The loan is unsecured, non-interest bearing and matures on November 13, 2025. The loan is convertible into the common shares of the Company at a price of $0.15 per common share at the holder's discretion.

On November 28, 2020, the Company issued to third-party lenders convertible promissory notes in principal amount of $30,000. The loans are unsecured, non-interest bearing and mature on November 28, 2025. The loans are convertible into the common shares of the Company at a price of $0.15 per common share at the holders' discretion.

On September 10, 2020, the Company issued to a third-party lender a convertible promissory note in a principal amount of $15,000. The loan is unsecured, non-interest bearing and matures on September 10, 2025. The loan is convertible into the common shares of the Company at a price of
$0.15 per common share at the holder's discretion.

On September 11, 2020, the Company issued to a third-party lender a convertible promissory note in a principal amount of $15,000. The loan is unsecured, non-interest bearing and matures on September 11, 2025. The loan is convertible into the common shares of the Company at a price of
$0.15 per common share at the holder's discretion.

The total fair value of the liability component of the convertible notes at the time of issue was determined to be $49,829 based on an estimated discount rate of 15% per annum for promissory notes without the conversion feature. The total fair value of the conversion feature, equity component, was determined to be $55,171, which was the difference between the face value and the fair value of the liability component.

On January 22, 2021, the promissory notes were converted into 700,000 shares of the Company.

A summary of the movements of the promissory notes is as follows:

	February 28, 2022 $	February 28, 2021 $
Balance, at beginning of the period	-	51,834
Additions:		
Interest accrued for the period	-	1,939
	-	53,773

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

A summary of period transactions with the key management personnel (responsible for directly or indirectly planning, directing, and controlling the operations and finances of company, including executive and non-executive directors) is as follows:

	February 28, 2022 $	February 28, 2021 $
Management fee	77,892	28,500
Professional fee	21,208	7,500
	99,100	36,000

11. LEASE LIABILITIES

A summary of right-of-use lease obligation is as follows:

	February 28, 2022 $	February 28, 2021 $
Total minimum lease payable	3,143,780	3,143,780
Portion representing interest to be expensed over the remaining term of the lease	(1,303,932)	(1,205,357)
Principal outstanding	1,730,952	1,938,423
Less: Current portion	(108,897)	(98,574)
Non-current portion	1,730,952	1,839,849

12. LOAN PAYABLE

In November 2020, the Company received $40,000 in the form of a Canada Emergency Business Account (“CEBA”) loan. CEBA is part of the economic assistance program launched by the Government of Canada to ensure that businesses have access to capital during the COVID-19 pandemic and can only be used to pay non-deferrable operating expenses. During the period from receipt of the CEBA loan to December 31, 2022 (the “Initial Term”), no interest is charged on the amount outstanding and should at least $30,000 be repaid on or before the end of the Initial Term, the remaining $10,000 of principal would be forgiven. If at the end of the Initial Term the loan is not repaid, the Company has the right to exercise the option to convert the CEBA loan into a three-year term loan bearing interest at 5% per annum. The Company anticipates repaying $30,000 prior to the end of the Initial Term. During the year end November 30, 2020, the Company recognized a gain from loan forgiveness of

$10,000 (2019 - $nil). The loan is carried at amortized cost based on an 10% market interest rate causing the underlying value to be lower than the original principal value with a difference of $6,589 at inception which was recognized as a gain in the profit and loss. During the period ended November 31, 2021, interest accretion was $3,612.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued

A summary of shares presented under equity is as follows:

	February 28, 2022 $	February 28 2021 $
Common shares	14,469,174	5,789,781

Warrants

The company issued share options to the key management personnel and Directors to purchase shares in the Company. Holders of options are entitled to purchase shares at the market price of the shares at grant date. The key terms and conditions related to the grants is as follows; all options are to be settled by the physical delivery of shares.

Warrants Outstanding	Exercise Price $	Expiry date
21,285,999	0.30	January 25, 2023
1,007,526	0.30	September 30, 2022
403,927	0.30	June 10, 2022
230,000	0.30	May 29, 2022
1,000,000	0.30	April 8, 2022
519,999	0.30	March 11, 2022
100,000	0.30	March 2, 2022
1,303,546	0.30	January 25, 2023
3,068,750	0.30	March 11, 2023
6,028,750	0.30	September 30, 2023
34,948,497		

Stock Options

Pursuant to the Company's stock incentive plan, the Board of Directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 10% of the issued and outstanding common shares of the Company.

Stock Options Outstanding	Stock Options Exercisable	Expiry date
80,000	80,000	June 27, 2023
4,624,900	4,624,900	January 25, 2023
100,000	100,000	February 9, 2023
100,000	100,000	March 19, 2023
50,000	50,000	April 15, 2023
1,500,000	1,500,000	November 16, 2023
5,809,067	5,809,067	

(Expressed in Canadian Dollars)

14. CAPITAL MANAGEMENT

The Company considers its capital to consist of shareholders' deficiency. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through debt and equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

15. EARNINGS PER SHARE

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	February 28, 2022	**February 28, 2021**
Loss attributable to equity shareholders for the period	$ (253,672)	$ (2,010,550)
Weighted average number of ordinary shares at period end	80,620,544	66,757,363
Basic and Diluted EPS	$ (0.0031)	$ (0.03)

Outstanding warrants are excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

16. SUBSEQUENT EVENT

In March 2022, the Company's Mr. Connor Yuen stepped down as Chief Executive Officer and as a member of the board of directors and was replaced by Mr. Avtar Dhaliwal as interim Chief Executive Officer and Mr. Mohsen Rahimi as an independent board member.

In December 2021, the Company entered into a consulting agreement with Sting Organics LTD. whereby Pontus Proteins LTD. would be providing revenue generating consulting services on aquaponic technology.